

Page 1	Page 3
<p>IN THE UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF OHIO EASTERN DIVISION -- -- Case No. 02:04-cv-793 -- -- DRFP, LLC, d/b/a Skye Ventures, Plaintiff, vs. The Republican Bolivariana De Venezuela, et al., Defendants. -- -- 30(b)6 Video Deposition of: DAVID J. RICHARDS Date and Time: Tuesday, December 23, 2014 9:00 a.m. Place: Calfee, Halter & Griswold 1200 Huntington Center 41 South High Street Columbus, Ohio Reporter: Julieanna Hennebert, RPR, RMR Notary Public - State of Ohio -- --</p>	<p>1 INDEX 2 -- -- 3 DAVID J. RICHARDS PAGE Examination by Mr. Schwartz 6 4 5 -- -- 6 RICHARDS/SKYE EXHIBITS 7 NUMBER DESCRIPTION IDENTIFIED 8 1 Responses to Interrogatories 16 9 2 Plaintiff's Privilege Log 25 10 8 December Confidential Fax 233 11 12 4.8.2004 Agreement 57 12 13 Bandagro Notes Purchase Agreement 44 13 14 First Amended Escrow Agreement 34 14 15 6.24.2004 Letter 80 15 16 8.11.2004 Letter 84 16 17 5.23.2004 Letter (Spanish) 91 17 18 12.23.204 Fax 120 18 19 Agreement and Instructions to 124 Escrow Agent 19 20 Agreement Regarding Bandagro 135 Note 9/12 21 Amended Bandagro Notes Agreement 152 22 Musheer Robinson Email String 171 23 Fabbiani Report 181 24 11.30.2003 ElUniversal.com Article 199 (Spanish) 25</p>
Page 2	Page 4
<p>1 APPEARANCES: 2 On behalf of Plaintiff: 3 MR. REX H. ELLIOTT MR. ADAM P. RICHARDS 4 MR. CHARLES H. COOPER, JR. Cooper & Elliott, LLC 5 2175 Riverside Drive Columbus, Ohio 43221 6 614.481.6000 7 On behalf of Defendants: 8 MR. ANDREW Z. SCHWARTZ MR. RICHARD G. BALDWIN 9 Foley Hoag, LLP Seaport World Trade Center West 10 155 Seaport Boulevard Boston, Massachusetts 11 617.832.1000 12 MR. ALBERT J. LUCAS Calfee, Halter & Griswold, LLP 13 1200 Huntington Center 41 South High Street 14 Columbus, Ohio 43215 614.621.1500 15 Also Present: 16 Mr. C. Benjamin Cooper, 17 Mr. Gil Whitney, Videographer. 18 -- -- 19 20 21 22 23 24 25</p>	<p>1 INDEX (Continued) 2 -- -- 3 RICHARDS/SKYE EXHIBITS 4 NUMBER DESCRIPTION IDENTIFIED 5 25 11.17.2003 ElUniversal.com Article 200 (Spanish) 6 7 26 11.17.2003 ElUniversal.com Article 204 (English) 8 27 Wire Transfers 225 9 28 1.30.2004 Letter 263 10 -- -- 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p>

Page 5	Page 7
<p>1 Tuesday Morning Session, 2 December 23, 2014. 3 -- -- 4 VIDEOGRAPHER: We're on the record. This 5 is the videotaped deposition of David Richards in the 6 matter of DRFP, LLC, doing business as Skye Ventures, 7 versus Republican Bolivariana De Venezuela, being 8 heard before the U.S. District Court of Ohio. 9 This deposition is being held at 41 South 10 High Street, Columbus, Ohio, on December 23, 2014, at 11 9:00 o'clock. 12 My name is Gil Whitney and I'm the 13 videographer, the court reporter is Julie Hennebert. 14 I'd like for the attorneys to identify 15 themselves and the parties they represent. 16 MR. ELLIOTT: Rex Elliott and Adam 17 Richards with Ben Cooper today on behalf of the 18 plaintiff for the 30(b)(6). 19 MR. SCHWARTZ: Andrew Schwartz, Foley 20 Hoag, LLP, Boston, Massachusetts, for the defendants. 21 MR. BALDWIN: Richard Baldwin, Foley Hoag, 22 LLP for the defendants. 23 MR. LUCAS: And I'm Al Lucas from Calfee, 24 Halter & Griswold also for the defendants. 25 MR. ELLIOTT: Let me clarify one thing,</p>	<p>1 somebody was supposed to give me homework 2 assignments, I thought it was you but nobody gave me 3 anything, so. 4 Q. So you were awaiting some formalization of 5 the homework assignments. 6 A. I only remembered one thing that I checked 7 or I checked -- I read some stuff but only in regard 8 to one specific thing, and that was I think it was 9 about when and how I learned about this Bonetti 10 action. I was trying to figure out how I learned 11 about it. 12 Q. Bonetti being Woodstrite. 13 A. Woodstrite, I'm sorry, excuse me. And I 14 went back to the document where I learned about it 15 and I realized it was a pleading filed in this case 16 and so I don't know if I clarified this completely, 17 Rex said I did but I'm not sure I did, and so during 18 the course of this period before we purchased the 19 notes, I knew about Bonetti's 25 -- claim for 20 25 percent of the recovery but I didn't learn about 21 that they had filed a Supreme Court action or some 22 kind -- I don't even know if it was Supreme Court but 23 some kind of legal action till later in connection 24 with the pleading that I believe you filed in the 25 case. Or maybe one of your predecessors.</p>
Page 6	Page 8
<p>1 Ben Cooper is admitted to the bar in the District of 2 Columbia and I believe Virginia but not Ohio, so he's 3 not making a formal appearance today. 4 MR. SCHWARTZ: That's fine. 5 Welcome, Mr. Cooper. 6 VIDEOGRAPHER: The court reporter may 7 swear the witness. 8 (Witness sworn.) 9 -- -- 10 DAVID J. RICHARDS, 11 being by me first duly sworn, as hereinafter 12 certified, deposes and says as follows: 13 CROSS-EXAMINATION 14 BY MR. SCHWARTZ 15 Q. Good morning, Mr. Richards, how are you? 16 A. Morning. Good. How are you? 17 Q. Fine, thank you. Did you sleep any better 18 last night? 19 A. Way worse. 20 Q. How many hours of sleep did you get last 21 night? 22 A. Oh, my gosh, three or four. 23 Q. So we had given you and you had accepted 24 some homework assignments for last night. 25 A. Well, you were supposed to give me,</p>	<p>1 Q. What pleading was that? 2 A. Might have been one of the motions for 3 summary judgment. But it was in a pleading. 4 Q. Well, the motions for summary judgment 5 weren't filed until very recently, so in late 2014, 6 so you're saying you didn't learn about the 7 Woodstrite action in Venezuela until sometime in the 8 last several months? 9 A. Till preparation for this case. 10 Preparation for my deposition was when it was brought 11 to my attention. And I -- when that occurred, I 12 recall being surprised that either I never knew it or 13 didn't recall knowing. 14 Q. Just to be clear, you learned sometime in 15 the last two months that there had been an action 16 brought by Woodstrite in the Venezuelan Supreme Court 17 back in 2003? 18 A. Yes. There were, as I was thinking about 19 my testimony, there were a couple other minor points 20 that I, just trying to fall asleep I was thinking 21 about everything that happened during the day, and 22 there were one or two things that I thought I might 23 not have said correctly, but I can either wait till I 24 get my transcript and change it then or I can tell 25 you what I think they were now. It's up to you.</p>

<p style="text-align: right;">Page 9</p> <p>1 Q. Why don't you tell me now.</p> <p>2 A. So I think you had asked me yesterday if I</p> <p>3 got the Fabbiani report when I was in Como in the end</p> <p>4 of March or early April of 2004, and thinking back on</p> <p>5 it I now believe I did have the Fabbiani -- a</p> <p>6 Fabbiani report. And the reason I believe that is I</p> <p>7 recall that I came back from Como with a lot of paper</p> <p>8 that I got from Pavanelli and Schianchi, and maybe</p> <p>9 Fabbiani.</p> <p>10 So I don't remember exactly what the</p> <p>11 documents were because I'm sure I gave them to</p> <p>12 counsel, but I had a lot of paper and my bet is that</p> <p>13 there was at least a copy of some kind of a Fabbiani</p> <p>14 report in there.</p> <p>15 So when I said I didn't come back with</p> <p>16 that, I think I might have been -- I might have been</p> <p>17 mistaken.</p> <p>18 Then two other things, one that I think I</p> <p>19 might have been incorrect on or might have said</p> <p>20 incorrectly was I said, I think you asked me how much</p> <p>21 Sitrick was being paid and I said \$5 million. That's</p> <p>22 not exactly right.</p> <p>23 What Sitrick would have gotten would be</p> <p>24 far less than that, most likely, because he was</p> <p>25 getting 5 percent of the recovery that Skye made and</p>	<p style="text-align: right;">Page 11</p> <p>1 close back and forth on the case and we were trying</p> <p>2 to find --</p> <p>3 We were trying to engage a law firm that</p> <p>4 would go on a contingency fee and this guy who was</p> <p>5 again a very well known litigator at the time was</p> <p>6 seeming like he was going to do the case and then he</p> <p>7 left this firm or this firm was merged, and I think</p> <p>8 there's a good chance that he went to your firm. So</p> <p>9 he went to another big Washington firm and in my mind</p> <p>10 I'm thinking it was Foley but I could be wrong about</p> <p>11 that.</p> <p>12 So I thought about that as I was falling</p> <p>13 asleep last night. I was thinking back in the day</p> <p>14 about what had happened, your questions caused me to</p> <p>15 think about a lot of things, so.</p> <p>16 And I can probably find the name of the</p> <p>17 guy somehow, but so at any rate, those are the things</p> <p>18 that I can -- were definitely that I thought about</p> <p>19 last night that I would have said that I might have</p> <p>20 said wrong or incorrectly or I would have said</p> <p>21 differently.</p> <p>22 Q. So let's go through these in reverse</p> <p>23 order. There came a time when you say you ceased</p> <p>24 using Crabbe, Brown & James as litigation counsel in</p> <p>25 this matter?</p>
<p style="text-align: right;">Page 10</p> <p>1 on every dollar of the notes, you know, there was</p> <p>2 liens that might have equated to 70 or 80 cents so he</p> <p>3 would be getting 5 percent of that net, whatever that</p> <p>4 turned out to be.</p> <p>5 So that was a little inaccurate.</p> <p>6 And then we talked I think either on or</p> <p>7 off the record about the fact that both Calfee had</p> <p>8 extensively represented me and your small business</p> <p>9 investment corporation guy Ken Wyatt I think had</p> <p>10 represented me in the past, but, and I don't know, I</p> <p>11 don't know if that's a big deal or not because it</p> <p>12 didn't have anything to do with Bandagro, the</p> <p>13 Bandagro case, except for Wyatt might have seen that</p> <p>14 in the documents we were talking about in the deals,</p> <p>15 I don't know if he did or not.</p> <p>16 But I think that the only thing that I</p> <p>17 didn't mention that concerns me is that when we were</p> <p>18 transitioning from lawyers from when Alcalde left</p> <p>19 Crabbe-Brown and he was the driver, Crabbe-Brown was</p> <p>20 looking for different options for attorneys, we</p> <p>21 interviewed a number of attorneys around the country,</p> <p>22 there's a big firm in New York that made us an offer,</p> <p>23 but relative to this there was a very strong</p> <p>24 litigation guy in DC, and this again, this predates</p> <p>25 Cooper & Elliott's representation and so we went very</p>	<p style="text-align: right;">Page 12</p> <p>1 A. Well, when Alcalde left, yes. We didn't</p> <p>2 cease using them, we were looking for an option.</p> <p>3 There was never a time when we stopped using</p> <p>4 Crabbe-Brown, they didn't want to be the primary</p> <p>5 point on the litigation at some point and that was</p> <p>6 when Alcalde left.</p> <p>7 Q. Why wouldn't they want to be the</p> <p>8 primary --</p> <p>9 MR. ELLIOTT: Objection. Don't answer the</p> <p>10 question.</p> <p>11 Q. Why didn't you keep using Alcalde?</p> <p>12 A. Alcalde was out of the practice of law.</p> <p>13 He went to work for a company.</p> <p>14 Q. With regard to Sitrick --</p> <p>15 A. Sitrick.</p> <p>16 Q. Sitrick, sorry. What do you mean when you</p> <p>17 say every dollar of the notes has liens of 70 or</p> <p>18 80 percent?</p> <p>19 A. Well, so if you look at it from an</p> <p>20 investment perspective, from Skye's perspective, the</p> <p>21 question is if there was a recovery on the notes, go</p> <p>22 through negotiation or litigation, there were claims</p> <p>23 on the notes just like if you sold a house, there's a</p> <p>24 mortgage on your house and you have to pay that.</p> <p>25 So we had learned that there was a</p>

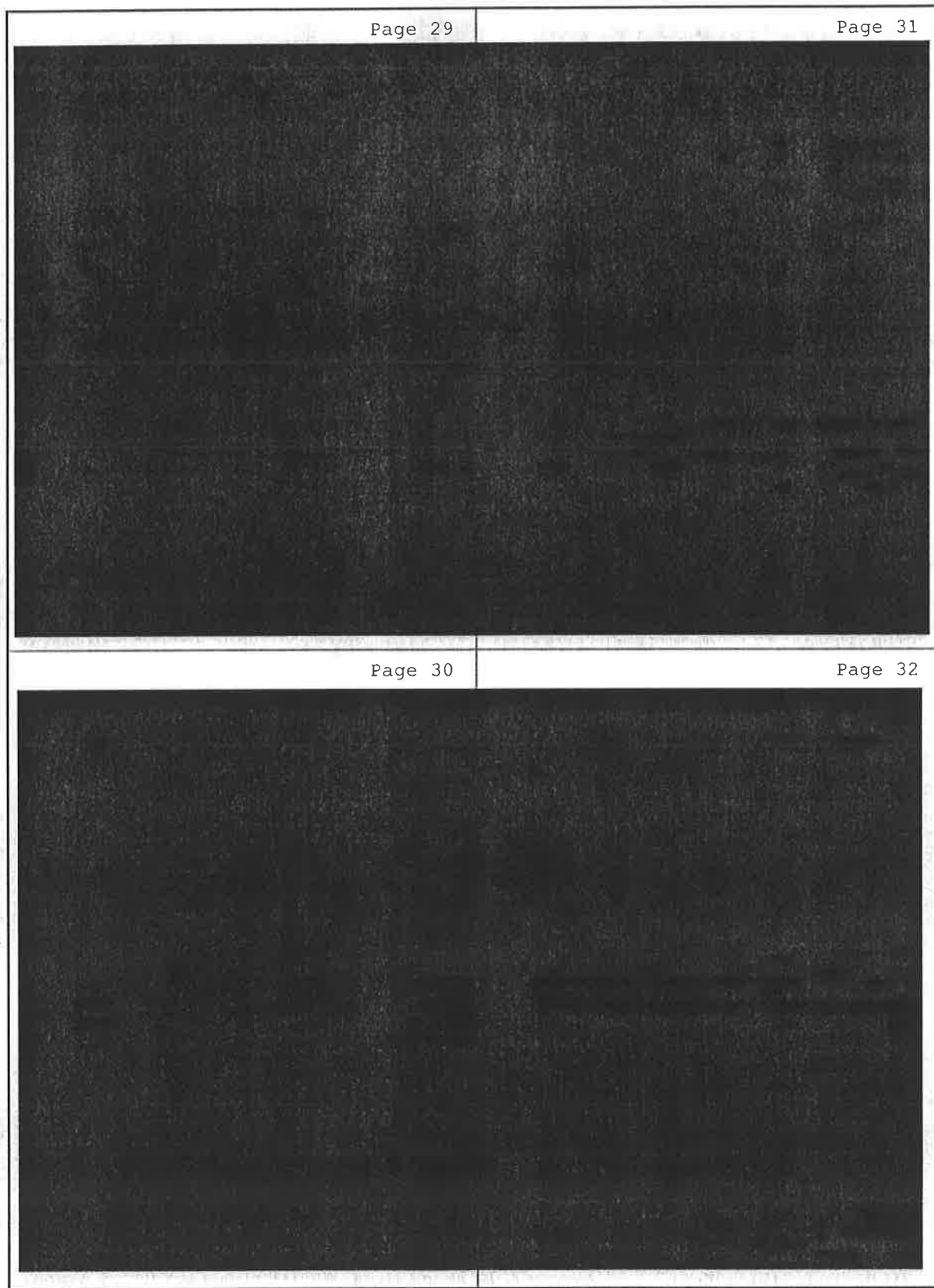
<p style="text-align: right;">Page 13</p> <p>1 25 percent lien from Woodstrite on the notes. We had 2 learned -- 3 Q. And you learned about that before you 4 even -- 5 A. Before we bought the notes. 6 Q. -- purchased? 7 A. We knew that before we purchased the 8 notes. Jacir had a claim for 8 percent recovery on 9 the notes that allegedly he had filed some sort of 10 lien on them in Venezuela. 11 Q. When did you first learn about that? 12 A. I don't know. I know that he had 13 mentioned that he was entitled to a legal fee for his 14 success in the Attorney General administrative 15 proceeding of 8 percent, and I think he said that 16 consistently throughout after we met him. So we 17 probably learned about it early. 18 Q. Before you purchased the notes. 19 A. We knew about it certainly before we 20 purchased the notes. So there's 33 percent of the 21 notes. And then the law firm would take their -- 22 MR. ELLIOTT: I don't think you need to 23 disclose the percentage. 24 A. So there was obviously an amount to pay to 25 the law firm to be negotiated, and then at the end we</p>	<p style="text-align: right;">Page 15</p> <p>1 of documents. Which of those came from Pavanelli on 2 that -- that he gave to me to take home on my trip 3 back, I honestly don't remember. 4 I'm almost certain I would have given them 5 to the law firm. I'm not the kind of guy -- Skye 6 was -- I'm not the kind of guy who would on the plane 7 back make a log of documents. I would give them to 8 the lawyers, I was a busy guy and that was their job 9 to read them. 10 So the only way I would remember which 11 document would be in connection with something 12 Pavanelli said to me and handed to me. And like my 13 testimony yesterday, I think I told you about as much 14 as I remember about that meeting. Without -- you 15 could show me a document, maybe say where did you get 16 this and that might refresh my recollection, but. 17 Q. What was the volume of papers that you 18 brought back from Como that you didn't have when you 19 got there? 20 A. I would say if I had to just guess, I 21 would say more than a thousand pages of documents. I 22 remember they were difficult to get in my suitcase, 23 which is why I remembered it mainly. 24 Q. Now, with regard to the Woodstrite action 25 that was brought in the Venezuelan Supreme Court in</p>
<p style="text-align: right;">Page 14</p> <p>1 had to give Pavanelli both cash and a note, a 2 nonrecourse note, to purchase the notes. 3 So if you add all that up, you know, it 4 doesn't leave that much, our net recovery might have 5 been 10 cents on a hundred million -- or 10 million 6 on the first hundred million. So our investments 7 that could have been the max on the resolution 8 negotiation. So Sitrick was in no way, shape, or 9 form getting \$5 million, he was getting 5 percent of 10 the net. 11 Q. You say that you came back from Como with 12 a lot of paper. Other than the Fabbiani report what 13 other paper did you come away from Como with? 14 A. So I don't remember. In the context of 15 this time period we were doing diligence, right, and 16 we were gathering information on everything we could. 17 Naturally, of course, it was focused, as I said all 18 day yesterday, it was focused on the finality and the 19 binding nature of the Attorney General opinion 20 whether it could be reversed, the laws of Venezuela, 21 that was the focus. And certainly from my point of 22 view that was the most important thing. 23 But at the same time the group, the law 24 firm, et cetera, were gathering everything they can. 25 So we had, you know, thousands and thousands of pages</p>	<p style="text-align: right;">Page 16</p> <p>1 December of 2003, you mentioned this morning that in 2 preparing for this deposition you saw some pleading 3 that referenced that; is that correct? 4 A. Yes. 5 Q. Do you recall what pleading? 6 A. No. 7 Q. You mentioned that it may have been one of 8 the summary judgment motions but you're not sure of 9 that? 10 A. That was a complete guess. I probably 11 shouldn't have said that. I've been cautioned to 12 stop guessing by both you and my own counsel. 13 MR. ELLIOTT: I'll caution you not to 14 disclose what you talked about as well. 15 A. Sorry. 16 Q. With regard to the homework assignments 17 that we had discussed, one of them was reviewing the 18 interrogatory responses that had been marked I 19 believe as Exhibit 1, yes, Exhibit 1, to see whether 20 there was a third respect in which the answers were 21 either imprecise or inaccurate. Do you remember that 22 now that was one of the home work assignments? 23 A. Yes, I do. If it were on a list, I would 24 have done it but I didn't do that. 25 Q. Have you had any further thought about</p>

<p style="text-align: right;">Page 17</p> <p>1 what that might have been even if you didn't</p> <p>2 specifically undertake the mission?</p> <p>3 A. I don't. I certainly would be willing to</p> <p>4 do that if my counsel tells me to do it after this</p> <p>5 deposition.</p> <p>6 Q. All right, we can discuss that.</p> <p>7 Let me ask you this, let's find Exhibit 1.</p> <p>8 Why don't you take a look at Exhibit 1, which are the</p> <p>9 interrogatory answers. And turn if you would to</p> <p>10 page 10. Actually you're going to need to turn to</p> <p>11 page 9.</p> <p>12 A. Okay.</p> <p>13 Q. Bear with me a second, I may actually have</p> <p>14 to go back further. The answer's on page 10, I'm</p> <p>15 trying to find the subquestion.</p> <p>16 A. These get confusing, don't they?</p> <p>17 Q. No. All right, you need to turn actually</p> <p>18 to page 8 to get the question.</p> <p>19 A. Okay.</p> <p>20 Q. Or the beginning of the question. So you</p> <p>21 see there's question 3 on page 8 with regard to the</p> <p>22 October 3, 2003, opinion?</p> <p>23 A. Yes.</p> <p>24 Q. Then there's a sub A on page 8?</p> <p>25 A. Yes.</p>	<p style="text-align: right;">Page 19</p> <p>1 A. Well, I think they're talking about so</p> <p>2 if -- I haven't read it that carefully, but I think</p> <p>3 they're talking here about counsel communications</p> <p>4 they're not giving you or something. But they</p> <p>5 definitely, you know, wrote such an email. I saw it.</p> <p>6 Q. I understand. I'm just trying to lay a</p> <p>7 little foundation here to help you.</p> <p>8 So this answer to question 3.d. doesn't</p> <p>9 mention the Kennedy email to the Ministry of Finance,</p> <p>10 right?</p> <p>11 A. Well, it says -- so here's how I would</p> <p>12 read it: It says that other than communications</p> <p>13 between counsel for the respective parties -- okay,</p> <p>14 wait a minute. There have been no -- yeah, okay,</p> <p>15 you're right. I was thinking it did disclose it but</p> <p>16 it doesn't.</p> <p>17 Q. So by the way, these are your answer, you</p> <p>18 signed these, we already established, back in 2006,</p> <p>19 right?</p> <p>20 A. Yeah, but you know. Yes.</p> <p>21 Q. So is this the third inaccuracy or</p> <p>22 imprecision that you noticed when you noticed that</p> <p>23 there were such inaccuracies --</p> <p>24 A. I think you're right, I think that is it.</p> <p>25 I think you're right.</p>
<p style="text-align: right;">Page 18</p> <p>1 Q. There's a sub B on page 9, and then there</p> <p>2 are sub C and D on page 10.</p> <p>3 A. Okay.</p> <p>4 Q. So with regard to the October 3, 2003,</p> <p>5 opinion, look at sub D. It says identify the date</p> <p>6 and participants and any communication in whatever</p> <p>7 form, I'm paraphrasing, between plaintiff and any</p> <p>8 agent or representative of the Venezuelan Ministry of</p> <p>9 Finance regarding the October 3, 2003, opinion.</p> <p>10 Do you see that question?</p> <p>11 A. Yes.</p> <p>12 Q. And then the answer says, in substance,</p> <p>13 other than the lawyers talking to each other, there</p> <p>14 have been no such communications between Skye</p> <p>15 Ventures and the Venezuelan Ministry of Finance.</p> <p>16 Do you see that?</p> <p>17 A. Yes.</p> <p>18 Q. And you testified yesterday that at least</p> <p>19 on one occasion Mr. Kennedy at Crabbe, Brown & James</p> <p>20 communicated directly with the Venezuelan Ministry of</p> <p>21 Finance by email, right?</p> <p>22 A. Yes.</p> <p>23 Q. And this answer to question -- subquestion</p> <p>24 D on page 10 does not reveal that Mr. Kennedy sent</p> <p>25 that email, correct?</p>	<p style="text-align: right;">Page 20</p> <p>1 Q. Well, that was one of the homework</p> <p>2 assignments, so would we did it for you.</p> <p>3 A. Thank you, I appreciate that.</p> <p>4 MR. SCHWARTZ: Mr. Elliott, do you think</p> <p>5 we could get that email from Mr. Kennedy to the</p> <p>6 Ministry of Finance?</p> <p>7 MR. ELLIOTT: Yes.</p> <p>8 MR. SCHWARTZ: Thank you, appreciate that.</p> <p>9 Q. As long as we're looking at this question</p> <p>10 and answer, other than the communication from</p> <p>11 Mr. Kennedy to the Ministry of Finance which you told</p> <p>12 us about yesterday and which we've now discussed this</p> <p>13 morning, are there any other respects in which this</p> <p>14 particular answer is inaccurate or imprecise?</p> <p>15 A. Well, I think we could argue about</p> <p>16 precision but I think incorrect I can answer, I think</p> <p>17 that was the thing where I thought it was incorrect.</p> <p>18 Q. Are you aware of any -- other than what</p> <p>19 appears here on page 10 of Exhibit 1, are you aware</p> <p>20 of any other communications between Skye Ventures or</p> <p>21 any of its representatives and anybody at the</p> <p>22 Venezuelan Ministry of Finance?</p> <p>23 A. Wow, that's a big question. I'm aware of</p> <p>24 the one -- are you talking like before the lawsuit</p> <p>25 was filed or after --</p>

<p style="text-align: right;">Page 21</p> <p>1 Q. At any time --</p> <p>2 A. -- or any time?</p> <p>3 Q. -- beyond what you told me yesterday about</p> <p>4 meetings with former employees of the Ministry of</p> <p>5 Finance and beyond what we've talked about today and</p> <p>6 beyond what appears here on page 10.</p> <p>7 A. And I had a direct meeting with the</p> <p>8 Ministry of Finance, as we discussed yesterday.</p> <p>9 Q. Anything you said yesterday you've already</p> <p>10 put on record.</p> <p>11 A. Okay. So I would -- you say</p> <p>12 "representative," that's the trouble I'm having with</p> <p>13 the question. Did anybody representing me ever</p> <p>14 contact the Ministry of Finance and so --</p> <p>15 Q. Let's make it simple: Did you ever</p> <p>16 contact the Ministry of Finance directly?</p> <p>17 A. No.</p> <p>18 Q. As far as you're aware did any of your</p> <p>19 lawyers ever contact the Ministry of Finance directly</p> <p>20 except when Mr. Kennedy sent this email?</p> <p>21 MR. ELLIOTT: And if you acquired any such</p> <p>22 information through your lawyers, I'd caution you not</p> <p>23 to disclose that.</p> <p>24 Q. Well, just to be clear, I'm not asking</p> <p>25 about the communications you may have had with the</p>	<p style="text-align: right;">Page 23</p> <p>1 A. Yeah, I just have the sense that Alcalde</p> <p>2 at one time did have an interaction with maybe a guy</p> <p>3 named Morentez but I honestly don't know why I had</p> <p>4 such a -- I can't place it in context of what was</p> <p>5 going on or why it happened or what the answer was.</p> <p>6 So other than that, no, I don't remember anything</p> <p>7 else.</p> <p>8 Q. Now, do you recall any other</p> <p>9 communications by any other representative of you</p> <p>10 other than counsel directly with the Ministry of</p> <p>11 Finance?</p> <p>12 A. Well, I mean, you're asking me to go back</p> <p>13 and think over a long period of time, so I'm not</p> <p>14 trying to dodge your question, I'm just trying to</p> <p>15 think if I can ever remember anything, which I'm</p> <p>16 having trouble doing right now.</p> <p>17 So I don't remember. My sense is that in</p> <p>18 some of these things, perhaps when the sisters were</p> <p>19 involved or other times, that there was contact with</p> <p>20 the Ministry of Finance but I don't remember any</p> <p>21 specific occasion.</p> <p>22 Q. The final homework question that we talked</p> <p>23 about yesterday was your reviewing documents to see</p> <p>24 if you could determine which entity owns the</p> <p>25 purported note No. 9 of 12.</p>
<p style="text-align: right;">Page 22</p> <p>1 lawyers.</p> <p>2 MR. ELLIOTT: That's what I wanted to make</p> <p>3 clear. I just don't want him to blurt out some</p> <p>4 conversation he had with the lawyers.</p> <p>5 MR. SCHWARTZ: Fair enough.</p> <p>6 A. So you're asking me if anybody who was</p> <p>7 engaged by me formally, like, had a written agreement</p> <p>8 with them, like a lawyer or somebody I talked to?</p> <p>9 Q. Well, let's start with one of your</p> <p>10 lawyers. We're trying to make this simple.</p> <p>11 A. Okay, so that was your question, did any</p> <p>12 of my lawyers ever contact --</p> <p>13 Q. Other than Mr. Kennedy sending the email</p> <p>14 which you testified about today and yesterday.</p> <p>15 A. Geez, it's a long timeframe, obviously,</p> <p>16 and I have a sense that in that timeframe that</p> <p>17 Alcalde at one time engaged with somebody at the</p> <p>18 Ministry of Finance. You would have to ask him. But</p> <p>19 I'm just having trouble trying to remember why I have</p> <p>20 that sense.</p> <p>21 And you're not talking about interactions</p> <p>22 between Alcalde and Venezuela's lawyers here in the</p> <p>23 United States or there in Venezuela, you're not</p> <p>24 talking about that.</p> <p>25 Q. Correct.</p>	<p style="text-align: right;">Page 24</p> <p>1 A. Oh, I did not do that.</p> <p>2 Q. Do you have documents in your possession,</p> <p>3 custody, or control that would enable you to answer</p> <p>4 that question?</p> <p>5 A. I'm pretty sure I do.</p> <p>6 Q. And remind me, what's the best</p> <p>7 understanding you have now, not having reviewed those</p> <p>8 documents last night?</p> <p>9 A. That there's an entity named Skye</p> <p>10 Ventures II that owned the note, certainly owned the</p> <p>11 note back when we acquired it and I just don't recall</p> <p>12 if that was ever changed or not.</p> <p>13 Q. If it was changed, would you expect that</p> <p>14 the agreements that have been produced to us in this</p> <p>15 case would reflect the change in some way?</p> <p>16 A. I don't know if we produced agreements</p> <p>17 to -- related to 9/12 or not. But if we had, it</p> <p>18 might or might not. There might have been no further</p> <p>19 agreement after -- you know, if Skye II changed its</p> <p>20 name or changed -- I don't think that would have</p> <p>21 necessitated an agreement with Gruppo Triad.</p> <p>22 Q. What was the purpose of having Skye II</p> <p>23 take ownership of that particular instrument?</p> <p>24 A. It was part of this effort that we'd</p> <p>25 undertaken to fund Gruppo Triad. They wanted us to</p>

<p style="text-align: right;">Page 25</p> <p>1 sell the note that started -- we started discussions</p> <p>2 of in March of 2004.</p> <p>3 Q. Why would you have formed a separate</p> <p>4 entity for that purpose?</p> <p>5 A. Well, it was a separate thing. So we</p> <p>6 typically do separate -- I mean, it was not a note</p> <p>7 that we intended to own or long term when we did the</p> <p>8 thing, it was a note we intended to place for Gruppo.</p> <p>9 Q. Are there different investors in Skye II</p> <p>10 than in Skye Ventures, LLC? I guess I should ask a</p> <p>11 foundational question: Are there any investors in</p> <p>12 Skye Ventures II?</p> <p>13 A. If there are, and again I'm not sure that</p> <p>14 there are, it would be basically the same people. Or</p> <p>15 it would be a subset of the same people because it</p> <p>16 was a small thing, as I recall.</p> <p>17 Q. Take a look at Exhibit No. 2, please, as</p> <p>18 long as we are reviewing this. This is the document</p> <p>19 that the last page of which includes the list of</p> <p>20 recipients of investor communications.</p> <p>21 A. Oh, okay, yeah. I see.</p> <p>22 Q. And you testified yesterday that many of</p> <p>23 the people, not necessarily every last one on this</p> <p>24 page, are investors in Skye Ventures, LLC, right?</p> <p>25 A. No, they're not investors. Nobody here --</p>	<p style="text-align: right;">Page 27</p> <p>1 with them as investors? I don't understand what your</p> <p>2 question is.</p> <p>3 Q. At some point you decided that you were</p> <p>4 going to market investment interests in the</p> <p>5 distribution or potential distribution from these</p> <p>6 notes, right?</p> <p>7 A. Say it again. Say that again.</p> <p>8 Q. At some point in time you decided to</p> <p>9 market distribution interests in the notes the way</p> <p>10 you just described it.</p> <p>11 A. I wouldn't say I was marketing them. This</p> <p>12 is a group of investors that have invested in my</p> <p>13 transactions since long before this. So I'd let the</p> <p>14 people know about the opportunity. And they said</p> <p>15 hey, I'd like to get in, basically.</p> <p>16 Q. How is it that over the years you've</p> <p>17 assembled this list of dozens of investors?</p> <p>18 MR. ELLIOTT: Andrew, are you going to tie</p> <p>19 this in some of way to the litigation? Because now</p> <p>20 you're getting into his method of doing business, et</p> <p>21 cetera, for investors, now you're asking about prior</p> <p>22 transactions, how he got these folks. I mean, how is</p> <p>23 that in any way related to this case?</p> <p>24 MR. SCHWARTZ: I'll have to see what the</p> <p>25 answer to the next question is. I don't intend to</p>
<p style="text-align: right;">Page 26</p> <p>1 Skye Ventures is owned by myself and my wife. Every</p> <p>2 person on this acquired an interest in proceeds if</p> <p>3 there was a distribution to Skye on the note. So no</p> <p>4 one here was an owner of Skye, right. I think we</p> <p>5 went through that in some detail yesterday.</p> <p>6 Q. I'll restate the question. You testified</p> <p>7 yesterday that many, though not necessarily every</p> <p>8 last one of the people on the last page of Exhibit 2,</p> <p>9 are investors in the purported notes No. 7 of 12 and</p> <p>10 8 of 12, correct?</p> <p>11 A. Well, sometimes you correct me in terms of</p> <p>12 saying things legally wrong so I would say it</p> <p>13 differently as sort of an investment matter.</p> <p>14 Q. How would you say?</p> <p>15 A. I would say just as I said it, these are</p> <p>16 people who purchased a distribution interest from</p> <p>17 anything paid on the Skye notes. In other words,</p> <p>18 they had nothing to do with the management of Skye,</p> <p>19 they were not empowered in the management, they</p> <p>20 didn't participate in the management decision. They</p> <p>21 had no legal power to participate in the management</p> <p>22 decisions.</p> <p>23 Q. Where did you find all these people?</p> <p>24 A. Where did I find, you mean like find their</p> <p>25 names on the list or did I start, begin interacting</p>	<p style="text-align: right;">Page 28</p> <p>1 spend a lot of time.</p> <p>2 MR. ELLIOTT: Okay, because I'm not going</p> <p>3 to let it go very long.</p> <p>4 A. So I started doing investment</p> <p>5 transactions, bridge loans and that kind of thing, in</p> <p>6 1988 or so and the first transaction I did I had nine</p> <p>7 men that I knew did it with me. And that was very</p> <p>8 successful.</p> <p>9 And so it was basically as we did other</p> <p>10 transactions it was those guys or their friends, word</p> <p>11 of mouth, and we kept doing very well and so the list</p> <p>12 grew and grew and grew. And so it was mostly just</p> <p>13 word of mouth.</p> <p>14 And almost all these people on the list I</p> <p>15 know pretty well, some I don't know well at all but I</p> <p>16 know -- I've come to know them because they've</p> <p>17 invested with me for a long time.</p> <p>18 Others may have just been involved,</p> <p>19 there's a few, I see several on here that were simply</p> <p>20 involved in this particular investment and no others.</p> <p>21 Q. Do you have social relationships with any</p> <p>22 of the people on this list?</p> <p>23 A. Yes, I do.</p> <p>24 Q. With most of them?</p> <p>25 A. I could answer yes or no to any specific</p>

David J. Richards - 30(b)6



8 (Pages 29 to 32)

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<p style="text-align: right;">Page 33</p> <p>1 subscription agreements and interest and he kept all 2 that very carefully and so he did that for me. 3 Then when it came time to do the annual 4 tax returns, he would prepare the underlying 5 information for those tax returns, and it was at 6 points it was a joint effort to figure out exactly, 7 make sure we knew what had happened during the year, 8 so he would do that. 9 And then he would do miscellaneous tasks 10 for me. There were times when we were wiring money 11 that he would prepare a wire request that either CNBC 12 or Fifth Third needed because they wanted a written 13 documentation and he would do that to them at times. 14 I think sometimes I might do it. 15 And then miscellaneous this and that. He 16 was always there to help. He was a good guy. 17 Q. When you make reference to "tax returns," 18 was Skye Ventures or is it still -- let me start 19 over. 20 Skye Ventures, LLC, is that a pass-through 21 entity for tax purposes? 22 A. It's an LLC so it's a pass-through entity 23 in the same sense all LLCs are. 24 Q. So when you say "tax returns," what type 25 of tax returns are prepared?</p>	<p style="text-align: right;">Page 35</p> <p>1 A. Okay. 2 (Off the record.) 3 VIDEOGRAPHER: On the record 9:52. 4 Q. Have you had a chance to review that 5 document? 6 A. Yes, uh-huh. 7 Q. Do you recognize Exhibit 14? 8 A. Yes. 9 Q. What is it? 10 A. Looks familiar. This is the method by 11 which an investor would acquire an interest in the 12 distribution from the Bandagro notes. 13 Q. Directing your attention to the last page 14 of Exhibit 14, which is captioned a Form of Exhibit A 15 to Amended Escrow Agreement between Skye Ventures and 16 Robert J. Behal, is this blank form the form that 17 each of the investors in the distribution rights, as 18 you've described them, would sign? 19 A. Well, if it wasn't the precise form, it's 20 very close to it. We change it around quite a bit 21 off and on. So at one time I'm sure this was the 22 form. 23 Q. How many different iterations of this form 24 are there? 25 A. I don't know.</p>
<p style="text-align: right;">Page 34</p> <p>1 A. Just because you're a pass-through entity 2 doesn't mean you don't file tax returns, of course 3 you do. 4 Q. What kind of tax returns does Skye 5 Ventures do? 6 A. Federal tax returns. 7 Q. With K1s? 8 A. Yeah. 9 MR. ELLIOTT: Are we doing this 10 Richards/Skye 14? 11 MR. SCHWARTZ: Yeah, I think that's what 12 we agreed yesterday. 13 A. That's what these say. 14 Q. Yeah. 15 (RICHARDS/SKYE EXHIBIT 14 WAS MARKED.) 16 Q. Mr. Richards, I'm showing you Exhibit 14, 17 I ask that you take a look at it and see if you 18 recognize it. Questions I'm going to have for you 19 will mostly concern the last page of Exhibit 14. 20 MR. ELLIOTT: Read it through. 21 Q. Mr. Richards, while you're reading it 22 through I'm just going to take a break for a second. 23 I thought Mr. Elliott would -- to take a moment and 24 read it. So while you're reading it I'm going to 25 step out for one second.</p>	<p style="text-align: right;">Page 36</p> <p>1 Q. Do you have signed versions of this form 2 from each of the investors in the distribution 3 rights? 4 A. Yes. 5 Q. How many such signed forms do you have? 6 A. Like we said yesterday, you asked me how 7 many investors there were and I think I said 50 or 8 60, so the answer would be the same, 50 or 60. 9 Q. Where are these 50 or 60 signed forms of 10 Exhibit A or something like it? 11 A. They're in an investor binder in my 12 office. 13 Q. Have you made that investor binder 14 available to Skye Ventures' counsel? 15 A. They haven't asked me for it. 16 Q. So that's a no? 17 A. No. 18 By the way, thinking back on your question 19 about contacts with the Ministry of Finance, of 20 course, as you know, at one point, actually one point 21 we made demand on the Ministry of Finance for 22 payment, our lawyers did directly. So that was one 23 of the times that it occurred to me as we were taking 24 a break. 25 Q. You testified yesterday, Mr. Richards,</p>

<p style="text-align: right;">Page 37</p> <p>1 that you believe you are the managing member of Skye 2 Ventures, LLC, the plaintiff in this litigation; is 3 that right? 4 A. Yes. 5 Q. And am I correct that you have consented 6 to testify on its behalf here today at this 7 deposition? 8 A. I think "consented" might be a liberal use 9 of the word "consent" but here I am testifying for 10 Skye Ventures. 11 Q. You are consenting to do that, correct? 12 MR. ELLIOTT: He is our 30(b)(6) designee 13 for Skye. 14 Q. And you've consented to serve in that 15 capacity? 16 A. Again, it sounds like a loaded question. 17 I've been asked by my lawyers to come and testify 18 pursuant to your request. 19 Q. And you've agreed to do so. 20 A. Here I am, yes. 21 Q. You still have Exhibit 1 there in striking 22 distance, the interrogatory answers? 23 A. I got it here. Yep. 24 Q. We may have covered this yesterday, but 25 I'm going to cover it again just so it's firmly in</p>	<p style="text-align: right;">Page 39</p> <p>1 you tell me what the question was again? I know it 2 was did I ever see. 3 Q. I'll repeat the question. It's not a 4 complicated one. 5 Setting aside this wrinkle that you're 6 introducing about maybe it was Skye Ventures II and 7 not Skye Ventures that took possession of note 9/12, 8 is the information contained in the answer to 9 question 1 otherwise correct? 10 A. Yes. 11 Q. The next question was prior to the time 12 Skye Ventures took possession of notes 7/12 and 8/12 13 had you personally ever seen copies of those notes? 14 A. I'm pretty sure I had, yeah. 15 Q. When? 16 A. Well, I believe they're exhibits, maybe 17 I'm wrong about this but I believe they're exhibits 18 either to the Attorney General report or the Ministry 19 of Finance report or may have been in documents that 20 they gave me, they may have given us copies of all 21 the notes. So my belief is that I did see a copy of 22 them before I received it. But exactly when or how, 23 I don't recall. 24 Q. And when you first -- well, let me 25 rephrase this question.</p>
<p style="text-align: right;">Page 38</p> <p>1 our mind. And we may not have covered all of it. 2 Take a look at page 6 of Exhibit 1, 3 please. 4 A. Yes. 5 Q. The first question there is "State the 6 date on which the plaintiff obtained possession of 7 the promissory notes," and the answer is August 18, 8 2004, as to the numbers 7 of 12 and 8 of 12 and 9 December 1, 2004, as to 9 of 12. Do you see that? 10 A. Yes. 11 Q. Is that correct? 12 A. I think so. 13 Q. Before you obtained possession of 7 of 12 14 and 8 of 12 on August 18, 2004, had you ever seen 15 copies of those two purported notes? 16 A. I might say -- you're pointing me to this 17 question, that might be one of the other things I 18 thought was not precisely correct. Because obviously 19 as we've already discussed, the entity that got -- 20 the technical legal entity that received the note was 21 Skye Ventures II. So I don't know if that makes a 22 difference, but. 23 Q. You're talking about 9 of 12? 24 A. 9 of 12. So, again, the question, I'm 25 sorry, I didn't mean to -- the question was -- could</p>	<p style="text-align: right;">Page 40</p> <p>1 When was it that it was first determined 2 that the notes that you would purchase would be 3 numbers 7 of 12 and 8 of 12? 4 A. When did we identify those numbers as 5 opposed to like they had 3 and 4 before it you mean? 6 Q. When did you first identify numbers 7 of 7 12 and 8 of 12 as the ones you were going to 8 purchase? 9 A. Well, certainly before we received them on 10 August 18. And sometime after mid-July of '04. 11 Sometime in that timeframe for sure. And 12 specifically thinking that it was probably in early 13 August. 14 Q. Were those notes identified as the ones 15 you were going to purchase before you agreed to make 16 the purchase? 17 MR. ELLIOTT: Can you read that question 18 back for me, please? 19 (Record read.) 20 MR. ELLIOTT: I'm going to object to the 21 form. 22 MR. SCHWARTZ: What's the problem with 23 that question? 24 MR. ELLIOTT: It's vague. 25 Q. Do you understand that question?</p>

<p style="text-align: right;">Page 41</p> <p>1 A. Well, I think we --</p> <p>2 Q. Let's just start with whether you</p> <p>3 understand the question.</p> <p>4 A. I don't in the sense that --</p> <p>5 Q. I don't want you answering questions you</p> <p>6 don't understand. If you have a problem with the</p> <p>7 question for whatever reason is bothering your</p> <p>8 counsel or otherwise, I'm going to change the</p> <p>9 question.</p> <p>10 A. Okay, change the question.</p> <p>11 Q. You testified yesterday that it was</p> <p>12 sometime in late July or early August that you agreed</p> <p>13 to purchase two notes, right?</p> <p>14 A. Yes.</p> <p>15 Q. But you can't pinpoint which time in late</p> <p>16 July or early August that occurred, right?</p> <p>17 A. That's right.</p> <p>18 Q. But there was such a time.</p> <p>19 A. Yes.</p> <p>20 Q. Prior to that time did you know it was</p> <p>21 going to be notes 7/12 and 8/12?</p> <p>22 A. I believe they were identified before we</p> <p>23 finalized everything, yes.</p> <p>24 Q. How long before you finalized everything</p> <p>25 were they identified?</p>	<p style="text-align: right;">Page 43</p> <p>1 that led to us finding out and us changing the notes</p> <p>2 we were purchasing to ones that didn't have any</p> <p>3 specific deeds of trust attached to them, is my</p> <p>4 guess.</p> <p>5 Q. Who determined that notes 7/12 and 8/12</p> <p>6 didn't have any liens or encumbrances?</p> <p>7 A. Well, only Schianchi can determine that</p> <p>8 because he was the only one who would know unless we</p> <p>9 did a records search, which we didn't do.</p> <p>10 Q. Did you rely on Schianchi as the source of</p> <p>11 information that numbers 7/12 and 8/12 were not</p> <p>12 encumbered?</p> <p>13 A. We assumed what he was saying was true.</p> <p>14 Q. Did you make any attempt to confirm that</p> <p>15 what he said was true?</p> <p>16 A. We may have but I don't remember that we</p> <p>17 did.</p> <p>18 Q. Was there a time before -- let me rephrase</p> <p>19 that.</p> <p>20 Do I understand that what you're saying,</p> <p>21 that some point before late July or early August you</p> <p>22 were considering purchasing notes No. 3 and 4?</p> <p>23 A. I think if you looked at the document that</p> <p>24 we looked at yesterday at one point, the Crabbe-Brown</p> <p>25 document, that was in relation to notes 3 and 4.</p>
<p style="text-align: right;">Page 42</p> <p>1 A. It was pretty close in time.</p> <p>2 Q. And what do you recall about their being</p> <p>3 identified in that time frame?</p> <p>4 A. I recall that we were trying to acquire</p> <p>5 notes where Pavanelli had not encumbered them in --</p> <p>6 with any of these deeds, specific deeds of trust.</p> <p>7 So --</p> <p>8 Q. Including to you?</p> <p>9 A. Well, mine were disappearing, so they</p> <p>10 didn't matter. But the -- in other words, the deeds</p> <p>11 of trust that I had were merged into the or were</p> <p>12 going to disappear. So we were more concerned about</p> <p>13 others that we didn't know about.</p> <p>14 And apparently we were thinking we were</p> <p>15 going to go with notes 3 and 4, I recall, but there</p> <p>16 was some issue with them. So that we -- somebody --</p> <p>17 he had given some sort of deed of trust specifically</p> <p>18 as to those notes.</p> <p>19 Q. How did you find that out?</p> <p>20 A. I think actually Antonio found it out in</p> <p>21 questioning Gruppo. Or something, we had a</p> <p>22 discussion and Antonio maybe asked Schianchi a</p> <p>23 specific question was there any other deeds of trust,</p> <p>24 and I said I'm not sure we had, can you find out.</p> <p>25 So I think it was an interchange like that</p>	<p style="text-align: right;">Page 44</p> <p>1 Q. Are you talking about Exhibit 13?</p> <p>2 A. I don't know what exhibit.</p> <p>3 Q. Why don't you break out Exhibit 13.</p> <p>4 A. From June. Okay, I got these a little bit</p> <p>5 out of order but we'll just . . .</p> <p>6 Okay, there we go. All right. Sorry</p> <p>7 about that. I got them all messed up.</p> <p>8 So we're looking at 13?</p> <p>9 Q. Yes. I'm asking you to look at 13.</p> <p>10 A. Yes.</p> <p>11 Q. If you look at the second page of 13, it</p> <p>12 makes reference to 3/12 and 4/12 in section 2.4,</p> <p>13 right?</p> <p>14 A. Yes. That's where I got that.</p> <p>15 Q. So as of June 23rd of 2004 was it your</p> <p>16 expectation that you were going to be purchasing</p> <p>17 notes 3/12 and 4/12?</p> <p>18 A. That was the expectation of the notes that</p> <p>19 were going to be transferred. I forget how we</p> <p>20 determined that it was 3 or 4, but that's what it</p> <p>21 was. And I think we were going to assume that as we</p> <p>22 finalized everything that it would be 3 and 4 till we</p> <p>23 found out that there was a lien on them.</p> <p>24 Q. And your best recollection is that Antonio</p> <p>25 figured that out?</p>

<p style="text-align: right;">Page 45</p> <p>1 A. I'm not sure if he figured it out, I think</p> <p>2 he communicated with Schianchi, since he could speak</p> <p>3 Italian.</p> <p>4 Q. And your assumption is that Schianchi told</p> <p>5 him that 3 and 4 weren't good candidates for this</p> <p>6 transaction because they were encumbered by a deed of</p> <p>7 trust?</p> <p>8 A. Yeah, he said there was an encumbrance on</p> <p>9 them.</p> <p>10 Q. What were the circumstances leading to</p> <p>11 Skye or Skye II receiving No. 9/12 on December 1st,</p> <p>12 2004?</p> <p>13 A. Well, if I remember correctly, and I</p> <p>14 really haven't reviewed much about this so I'm going</p> <p>15 purely on memory here, the only thing I have reviewed</p> <p>16 there I think you recall I suggested I read that</p> <p>17 little memorandum, that summary memorandum that we</p> <p>18 had prepared.</p> <p>19 Q. Which summary memorandum are you talking</p> <p>20 about?</p> <p>21 A. There was a little glossy summary</p> <p>22 memorandum that we prepared that I said I'd reviewed</p> <p>23 before the deposition. And it had to do with the</p> <p>24 placement of note 9/12.</p> <p>25 So I think at that timeframe we had</p>	<p style="text-align: right;">Page 47</p> <p>1 back through another round of rigmarole with Gruppo,</p> <p>2 Pavanelli.</p> <p>3 So at that point we said look, Libra</p> <p>4 passed, we're prepared to go out, we think we can</p> <p>5 still be successful in placing the note or debt on</p> <p>6 the note but we want the note. And that's -- it was</p> <p>7 through that that we acquired possession of 9/12.</p> <p>8 Q. You said that Pavanelli was saying things</p> <p>9 that were inaccurate. What was he saying that was</p> <p>10 inaccurate?</p> <p>11 A. Well, it's difficult to remember</p> <p>12 everything he said inaccurate, but he had become</p> <p>13 increasingly broke throughout this whole process,</p> <p>14 right. He still was in need of money, and if</p> <p>15 anything more so than at the beginning.</p> <p>16 And so he would say -- he got to the point</p> <p>17 where he was accusatory and he was calling</p> <p>18 Crabbe-Brown and everybody liars and it was just very</p> <p>19 contentious and that, I think that's perhaps one of</p> <p>20 the reasons that Crabbe-Brown got rid of him. And he</p> <p>21 would say things like you're not the owner of the</p> <p>22 notes, and then I would say of course we're owners of</p> <p>23 the notes. We would get into arguments over that.</p> <p>24 And just irrational things like that. And</p> <p>25 he would just say something like you're not the owner</p>
<p style="text-align: right;">Page 46</p> <p>1 decided by then -- to go back a minute, we had</p> <p>2 started working with Libra in June and Libra was</p> <p>3 going to purchase the note 9/12. Or a note I believe</p> <p>4 it was -- I don't know exactly when we identified</p> <p>5 9/12.</p> <p>6 And so Libra went through the typical work</p> <p>7 that an investment banker would do. Did a little</p> <p>8 differently than I do my things, they were a</p> <p>9 little -- they were, well, they were going through a</p> <p>10 more traditional or formulized process. And so we</p> <p>11 went through it with Libra during this timeframe off</p> <p>12 and on.</p> <p>13 I think by about November or so I think</p> <p>14 Libra decided not to move forward with the purchase.</p> <p>15 And so we felt like we had to go out and try -- Libra</p> <p>16 seemed to be very close and I forget the exact reason</p> <p>17 they passed at the end, but so we were going to go</p> <p>18 out to market 9/12.</p> <p>19 Well, looking ahead, Pavanelli had become</p> <p>20 increasingly difficult saying things that were</p> <p>21 inaccurate and so what we wanted to do before we went</p> <p>22 out to place the note is we wanted to get control of</p> <p>23 the situation so that if somebody was prepared to</p> <p>24 lien on the note, that we had actually the note so</p> <p>25 that we could execute the transaction without going</p>	<p style="text-align: right;">Page 48</p> <p>1 of the notes and then he would say well, if you send</p> <p>2 me \$25,000, I'll admit you're the owner of the notes,</p> <p>3 it would be an issue no more. Like that.</p> <p>4 So he was, as you see this in sometimes</p> <p>5 people on this downslide I was describing to you</p> <p>6 yesterday, they get a little irrational, they get</p> <p>7 desperate, and he was at that point I think really in</p> <p>8 need of funding capital not just for his ongoing</p> <p>9 efforts at Gruppo but for his own personal life. So</p> <p>10 I wanted to insulate myself through that, which is</p> <p>11 why we got the note.</p> <p>12 Q. Speaking about the relationship between</p> <p>13 Crabbe-Brown and Gruppo Triad or Pavanelli, did you</p> <p>14 ever learn that in 2004 Crabbe, Brown & James had</p> <p>15 prepared a legal memorandum for Gruppo Triad or</p> <p>16 Pavanelli?</p> <p>17 A. They prepared one for me, I believe. But</p> <p>18 I don't know that they prepared one for Pavanelli.</p> <p>19 Q. Did you ever learn that in 2004 Crabbe,</p> <p>20 Brown & James prepared a draft complaint for Gruppo</p> <p>21 Triad to file?</p> <p>22 A. I didn't. Not saying it didn't happen,</p> <p>23 but I just don't recall that.</p> <p>24 Q. At any point in the course of your</p> <p>25 relationship with Crabbe, Brown & James did that law</p>

<p style="text-align: right;">Page 49</p> <p>1 firm share with you any communications that it had</p> <p>2 had in writing with Gruppo Triad or Pavanelli?</p> <p>3 A. Well, there were some communications that</p> <p>4 we were jointly on where we were discussing things</p> <p>5 jointly, but there were things that Crabbe-Brown did</p> <p>6 with him that they wouldn't share with me. And</p> <p>7 Alcalde was, you know, he even one time -- I was -- I</p> <p>8 kind of wasn't understanding the reason they were</p> <p>9 doing it, I was saying well, tell me what happened</p> <p>10 kind of thing --</p> <p>11 MR. ELLIOTT: I don't want you to disclose</p> <p>12 communications that you had with Luis Alcalde.</p> <p>13 A. So I guess the short answer is no. Not</p> <p>14 unless the ones we were all jointly discussing</p> <p>15 something.</p> <p>16 Q. So there were communications you received</p> <p>17 from Crabbe-Brown that went both to you and to Gruppo</p> <p>18 or Pavanelli?</p> <p>19 A. Yeah. Not in respect to what you just</p> <p>20 asked me about the filings of the complaint, that</p> <p>21 kind of thing, or what their arrangement was going to</p> <p>22 be but there were things that we were jointly</p> <p>23 discussing. I forget exactly what they were. And I</p> <p>24 don't really, like, when they had their breakup, even</p> <p>25 though I predicted it, I wasn't involved in any of</p>	<p style="text-align: right;">Page 51</p> <p>1 MR. SCHWARTZ: I don't know that doing</p> <p>2 this on the record is necessarily the best use of our</p> <p>3 collective time, but if there's a report from</p> <p>4 Mr. Alcalde, even if he's serving at that time as</p> <p>5 counsel to Skye Ventures, to Mr. Richards concerning</p> <p>6 the deterioration of Mr. Alcalde's relationship with</p> <p>7 another client, it's far from clear to me that that</p> <p>8 consists of rendering legal advice or someone seeking</p> <p>9 legal advice in a relationship as between</p> <p>10 Crabbe-Brown and Skye Ventures.</p> <p>11 MR. ELLIOTT: What I'm not clear about is</p> <p>12 whether that communication occurred between</p> <p>13 Mr. Alcalde and Mr. Richards in their attorney/client</p> <p>14 relationship, so I want to be careful there. Maybe</p> <p>15 you can get to it another way.</p> <p>16 MR. SCHWARTZ: Let me suggest this, I</p> <p>17 understand why you're being cautious in this respect</p> <p>18 but maybe you should take a break off the record and</p> <p>19 have a conversation with Mr. Richards and then you'd</p> <p>20 have a little more information as to whether to stand</p> <p>21 on the objection or not.</p> <p>22 MR. ELLIOTT: I'm happy to do that, yeah,</p> <p>23 that's fine.</p> <p>24 MR. SCHWARTZ: Why don't you do that and</p> <p>25 then if you want to stand on the privilege, you'll so</p>
<p style="text-align: right;">Page 50</p> <p>1 that either.</p> <p>2 Q. There were written communications that</p> <p>3 were sent by Crabbe-Brown that were addressed both to</p> <p>4 you and to Pavanelli or Gruppo Triad?</p> <p>5 A. I didn't say that. What I said was there</p> <p>6 were emails that three of us were on. I'm not saying</p> <p>7 who sent them. I might have sent them, Pavanelli</p> <p>8 might have sent them, Crabbe-Brown possibly could</p> <p>9 have sent them. But there were things that the three</p> <p>10 of us discussed. And certainly that was the case</p> <p>11 from early on, from when we first started doing our</p> <p>12 diligence and when Alcalde was involved.</p> <p>13 Q. When did you learn that the breakup</p> <p>14 between Gruppo Triad and Crabbe-Brown that you had</p> <p>15 predicted actually occurred?</p> <p>16 A. I believe it was mid-July.</p> <p>17 Q. Who told you about it?</p> <p>18 A. I believe Alcalde.</p> <p>19 Q. What did he tell you?</p> <p>20 MR. ELLIOTT: I don't want you to disclose</p> <p>21 that. Privileged communication.</p> <p>22 MR. SCHWARTZ: That's far from clear.</p> <p>23 MR. ELLIOTT: Why do you think that? I'm</p> <p>24 willing to talk through this. Why do you think</p> <p>25 that's not privileged?</p>	<p style="text-align: right;">Page 52</p> <p>1 state, or if you think that maybe it's not</p> <p>2 privileged, he'll have to answer.</p> <p>3 VIDEOGRAPHER: Off the record 10:07.</p> <p>4 (Recess taken.)</p> <p>5 VIDEOGRAPHER: On the record 10:15.</p> <p>6 MR. ELLIOTT: I think that having learned</p> <p>7 the content of the communication, that it is mixed.</p> <p>8 I think that there is part of the communication that</p> <p>9 sounds to me like it relates to Mr. Alcalde's</p> <p>10 representation of Gruppo Triad and then further</p> <p>11 communications about his relationship with Skye</p> <p>12 Ventures.</p> <p>13 So to the extent that the information</p> <p>14 relates to Mr. Alcalde's relationship with Gruppo,</p> <p>15 I'll allow him to answer the question. But I've</p> <p>16 instructed him not to divulge communications that</p> <p>17 Alcalde had with Mr. Richards as to the relationship</p> <p>18 with Skye Ventures.</p> <p>19 MR. SCHWARTZ: Okay, so we'll reserve our</p> <p>20 rights on that. I appreciate your conferring with</p> <p>21 Mr. Richards off the record.</p> <p>22 Q. (By Mr. Schwartz) So, Mr. Richards, why</p> <p>23 don't you answer that question for the time being to</p> <p>24 the extent you can do so consistent with your</p> <p>25 counsel's instruction.</p>

<p style="text-align: right;">Page 53</p> <p>1 A. Is it possible to read back the question</p> <p>2 or reask it?</p> <p>3 Q. Why don't we read it back.</p> <p>4 (Record read.)</p> <p>5 A. Okay. So the answer to that question is</p> <p>6 he in essence told me that they had gone over to</p> <p>7 Chiasso and one of the reasons they had gone is to</p> <p>8 pick up the notes 3 and 4 from Pavanelli and resolve</p> <p>9 some of the final issues in the representation, and</p> <p>10 the gist was that he wouldn't give them the notes, he</p> <p>11 wouldn't hand over the notes, and that he was</p> <p>12 impossible.</p> <p>13 Q. Is there anything else you can recount</p> <p>14 about that conversation with Mr. Alcalde that will</p> <p>15 not run afoul of the privilege instruction you've</p> <p>16 received from your counsel?</p> <p>17 A. As to your question I had reasoned that</p> <p>18 they weren't going to proceed in that way, no.</p> <p>19 Q. You mentioned a short while ago that you</p> <p>20 received a legal memorandum from Crabbe, Brown &</p> <p>21 James, correct?</p> <p>22 A. Yes.</p> <p>23 Q. That was sometime in 2004?</p> <p>24 A. Oh, yes.</p> <p>25 Q. Before you purchased notes 7 and 8 of 12?</p>	<p style="text-align: right;">Page 55</p> <p>1 Q. Did you share that memorandum with</p> <p>2 Usuelli?</p> <p>3 A. Again, I don't -- I have no -- like</p> <p>4 Pavanelli, I just don't remember that I did or</p> <p>5 didn't.</p> <p>6 Q. Did you share it with anybody?</p> <p>7 A. I don't remember that I did or didn't.</p> <p>8 Q. Did you share it with any of your</p> <p>9 investors?</p> <p>10 A. Probably not. They probably would have</p> <p>11 generally gone with my judgment.</p> <p>12 Q. With reference to Exhibit 13, if you have</p> <p>13 that one, the June 23rd document.</p> <p>14 A. Yep.</p> <p>15 Q. Did Skye Ventures actually purchase notes</p> <p>16 3/12 and 4/12?</p> <p>17 A. Well, I can say that it appears that we</p> <p>18 executed this document. I would say that we never</p> <p>19 actually completed the work here, so. It appears</p> <p>20 that we signed this document.</p> <p>21 Q. More specifically, it appears that on</p> <p>22 Bates stamped page 5871, Pavanelli signed for Gruppo</p> <p>23 Triad, right?</p> <p>24 A. Yep. Yes, it does.</p> <p>25 Q. And on page 5872 you signed for Skye</p>
<p style="text-align: right;">Page 54</p> <p>1 A. Yes.</p> <p>2 Q. To the best of your knowledge did Crabbe,</p> <p>3 Brown & James share that legal memorandum with</p> <p>4 Pavanelli or Gruppo Triad?</p> <p>5 A. Not that I know of.</p> <p>6 Q. Did you ever authorize Crabbe, Brown &</p> <p>7 James to share that memorandum with Pavanelli or</p> <p>8 Gruppo Triad?</p> <p>9 A. I don't think so.</p> <p>10 Q. Did Alcalde or anybody else at Crabbe,</p> <p>11 Brown & James ask you if Crabbe, Brown & James could</p> <p>12 share that memorandum with Gruppo Triad or Pavanelli?</p> <p>13 A. You know, they may have prepared a</p> <p>14 memorandum, a different memorandum for Pavanelli.</p> <p>15 MR. ELLIOTT: That's not the question.</p> <p>16 He's asking you about the memo he prepared for Skye.</p> <p>17 A. Did my memorandum? I don't know. I</p> <p>18 forget exactly when I got it, so. I mean, it was in</p> <p>19 various stages throughout 2004.</p> <p>20 Q. I'm not asking you when you got it, I'm</p> <p>21 asking you after it was complete do you have any</p> <p>22 information regarding whether that was shared by</p> <p>23 Crabbe, Brown & James, or for that matter by you,</p> <p>24 with Gruppo Triad or Pavanelli?</p> <p>25 A. No.</p>	<p style="text-align: right;">Page 56</p> <p>1 Ventures.</p> <p>2 A. Yes, that's my signature.</p> <p>3 Q. And on the nonrecourse promissory note</p> <p>4 that's attached as part of Exhibit 13, that document</p> <p>5 also bears both your signature and Pavanelli's on</p> <p>6 page 5875, correct?</p> <p>7 A. Yep.</p> <p>8 Q. Was the Bandagro notes purchase agreement</p> <p>9 that's been marked as Exhibit 13 ever rescinded or</p> <p>10 revoked or terminated?</p> <p>11 A. I would call it as executory because I</p> <p>12 think there still had to be representation agreement</p> <p>13 between Gruppo and Brown and the notes had to come</p> <p>14 over and so all that never happened, and I would say</p> <p>15 this agreement was just abandoned.</p> <p>16 Q. Is there any transactional document that</p> <p>17 Skye entered into with Gruppo Triad that abandoned</p> <p>18 Exhibit 13?</p> <p>19 A. I don't know if the other, the 7 and 8</p> <p>20 agreement does that or not or if there's a separate</p> <p>21 document I don't know about.</p> <p>22 Q. So you don't know of any separate document</p> <p>23 that affected such an abandonment?</p> <p>24 A. I don't.</p> <p>25 Q. When you say "the 7 and 8 agreement,"</p>

<p style="text-align: right;">Page 57</p> <p>1 you're referring to Exhibit 12?</p> <p>2 A. Yes. So what I said was I don't know if</p> <p>3 there's anything here that says this is the only</p> <p>4 transaction, everything else is gone, or whether -- I</p> <p>5 doubt, if we just abandoned the transaction I doubt</p> <p>6 we would have done another formal abandonment, but</p> <p>7 it's possible one was done.</p> <p>8 Q. But you're not aware of one.</p> <p>9 A. I've not seen it. I don't remember it,</p> <p>10 one being done. I do remember that the transaction</p> <p>11 was abandoned though.</p> <p>12 Q. Was there any form of written</p> <p>13 communication between Skye on the one hand and Gruppo</p> <p>14 Triad on the other that states that the transaction</p> <p>15 that's embodied in Exhibit No. 13 was abandoned?</p> <p>16 MR. ELLIOTT: I'm going to object. Hold</p> <p>17 on. I'm going to object to the extent that your</p> <p>18 question calls for a legal conclusion.</p> <p>19 Having said that, you can answer the</p> <p>20 question.</p> <p>21 A. I'm sure there were emails between</p> <p>22 Pavanelli and I saying let's do it this way, that way</p> <p>23 didn't work kind of thing. Let's start the process</p> <p>24 to get to the agreement that's related to 7 and 8.</p> <p>25 Q. Where are those emails?</p>	<p style="text-align: right;">Page 59</p> <p>1 A. I have no such email to produce. Like I</p> <p>2 have no other emails back then on any business.</p> <p>3 Q. Do you have any other such written</p> <p>4 communication to produce?</p> <p>5 A. Like -- I don't have any emails like that,</p> <p>6 no. And I said there might have been emails. I</p> <p>7 don't think there -- what I said was I don't believe</p> <p>8 there's a written document but there might be, I</p> <p>9 don't have it. And I don't have any emails from back</p> <p>10 then from this business or any other.</p> <p>11 Q. Now, with regard to the reason why you</p> <p>12 eventually went forward with 7/12 and 8/12 instead of</p> <p>13 3/12 and 4/12, you testified that Antonio had found</p> <p>14 out from Schianchi that there were deeds of trust</p> <p>15 encumbering numbers 3 and 4, right?</p> <p>16 A. Yes.</p> <p>17 Q. Is it your understanding that these deeds</p> <p>18 of trust that had been used prior to June of 2004</p> <p>19 encumbered specific promissory notes?</p> <p>20 A. My sense is yes, that's what I recall.</p> <p>21 And that there were others that didn't, there were</p> <p>22 other notes that weren't covered by deeds of trust.</p> <p>23 So I think that was a distinction.</p> <p>24 Q. Correct me if I'm wrong about this:</p> <p>25 Didn't you testify yesterday that the deeds of trust</p>
<p style="text-align: right;">Page 58</p> <p>1 A. I think we discussed this topic yesterday</p> <p>2 of whether I had any emails and I don't.</p> <p>3 Q. You don't. In preparing for your</p> <p>4 deposition have you seen any such email?</p> <p>5 A. There was a file of printed-out emails</p> <p>6 between me and counsel, a few of them that I looked</p> <p>7 at. That's where I saw the Kennedy email. But in</p> <p>8 terms of, like I explained to you yesterday, I didn't</p> <p>9 have my daily email records from back then.</p> <p>10 Q. So you're not aware of any specific email</p> <p>11 as you sit here today and you couldn't produce a</p> <p>12 specific email that discusses the abandonment of</p> <p>13 Exhibit 13.</p> <p>14 MR. ELLIOTT: I'm going to object to that.</p> <p>15 It's compound: "Aware of" he has testified about and</p> <p>16 he's told you what happened to his emails; "can't</p> <p>17 produce" is a different question. So if you could</p> <p>18 break those up, it would be easier for the witness to</p> <p>19 answer.</p> <p>20 Q. I'm going to accommodate that objection.</p> <p>21 A. Thanks.</p> <p>22 Q. Are you able today to produce an email</p> <p>23 between Skye Ventures and Gruppo Triad that states in</p> <p>24 words or substance that the parties were going to</p> <p>25 abandon Exhibit 13?</p>	<p style="text-align: right;">Page 60</p> <p>1 that you began getting in 2003 and continuing into</p> <p>2 2004 encumbered all of the notes that Gruppo Triad --</p> <p>3 A. I said that was my best memory, that I</p> <p>4 believe my deeds of trust encumbered all of the</p> <p>5 notes.</p> <p>6 Q. So if I understand what you're saying, you</p> <p>7 had deeds of trust that encumbered all the notes but</p> <p>8 there were other deeds of trust that only encumbered</p> <p>9 some of the notes.</p> <p>10 A. That's, well, so I think you've kind of</p> <p>11 summarized what I said. So what I said is I believe</p> <p>12 my deeds of trust were general on all the notes. But</p> <p>13 that there were notes that had no deeds of trust</p> <p>14 other than mine.</p> <p>15 Q. And there were notes that had deeds of</p> <p>16 trust that covered them but not others.</p> <p>17 A. Yes.</p> <p>18 Q. And you formed that understanding based on</p> <p>19 what information?</p> <p>20 MR. ELLIOTT: Objection, asked and</p> <p>21 answered.</p> <p>22 A. I think we've gone over this. So I</p> <p>23 asked -- we somehow came about, whether I asked</p> <p>24 Antonio or he brought it up, we asked Schianchi,</p> <p>25 Schianchi told us this information and blah, blah,</p>

<p style="text-align: right;">Page 61</p> <p>1 blah. I mean, we've answered that. 2 Q. Who drafted Exhibit 13? 3 A. Regrettably, I did. 4 Q. Did anybody help you? 5 A. Wait, let me see what 13 is. Oh, I was 6 thinking 13 was 12. 7 But, yeah, I think this answer is the 8 same; I believe I drafted this. 9 Q. Why do you say "regrettably"? 10 A. Well, I don't think any of the -- I mean, 11 I don't think anybody would say I'm really a great 12 legal contractor so I wouldn't say I'm very good at 13 it myself. 14 Q. Did you also draft Exhibit 12? 15 A. Yes. 16 Q. Was there ever a point with regard to the 17 ensuing agreements between Skye and Gruppo Triad 18 where somebody else began to draft them? 19 A. Well, I pay so many lawyers, I'm just 20 trying to think at any time one of them might have 21 reviewed these documents. 22 MR. ELLIOTT: I don't think that's the 23 question. I think he asked if somebody else started 24 to prepare them. 25 A. Prepare them, no. I think I prepared them</p>	<p style="text-align: right;">Page 63</p> <p>1 Q. I'm not trying to make this a trick 2 question of any kind. 3 A. Okay. 4 Q. But in doing deals parties exchange drafts 5 of agreements and the language changes, right? 6 A. Yeah, it can. Could. Or sometimes not, 7 sometimes it's sort of a take-it-or-leave-it sort of 8 deal. 9 Q. That's what I'm trying to find out. Let's 10 start with Exhibit 13. Was this an instance in which 11 the parties actually negotiated the language of the 12 agreement? 13 A. I don't remember. 14 Q. Let me ask you the same question with 15 regard to Exhibit 12. Was this one of these 16 instances where the parties actually negotiated the 17 language of the agreement? 18 A. In terms of the legal language, I'm not so 19 sure. I know that the waterfall was the subject of 20 negotiation, the construct of the agreement was a 21 subject of discussion early on, but as to whether we 22 traded actual drafts of the we're picking over words, 23 you know, no, I don't think so. 24 We had, each had lawyers, I'm sure there 25 would have been a lot of picking back and forth, but</p>
<p style="text-align: right;">Page 62</p> <p>1 all. Sorry. 2 THE WITNESS: Thank you, Rex. 3 Q. Did you retain drafts of any of these 4 agreements that were entered into between Skye and 5 Gruppo Triad? 6 A. No, I don't think so. 7 Q. Were the terms of -- let me rephrase that. 8 Was the language of Exhibit 13 negotiated 9 with Pavanelli? 10 A. I don't know what that means. 11 Q. You've done a lot of deals in your 12 professional career, right? 13 A. Of 13 or 12 did you say, I'm sorry? 14 Q. Well, I asked about 13. 15 A. Okay. All right, so again, what do you 16 mean "negotiated"? 17 Q. Well, as I was going to say, you've done a 18 lot of deals in your life, right? 19 A. I have. 20 Q. And there must have been some where the 21 actual transactional documents were negotiated, 22 right? 23 A. Well, they're all negotiated to a certain 24 point. In each transaction one party might have a 25 stronger position in negotiation.</p>	<p style="text-align: right;">Page 64</p> <p>1 we were just trying to get the essence of the 2 transaction and get it done. 3 Q. Let's just stick with 13 for a moment, the 4 June 23rd agreement. To the best of your 5 recollection was this a situation in which you sent 6 the draft of the agreement to Pavanelli and he sent 7 it back with changes to the words and then you sent 8 it back to him and vise-versa? 9 A. I don't remember. 10 Q. Okay. And how about with regard to 12, do 11 you know whether that occurred in that context? 12 A. What I just said happened but as to 13 whether actual drafts and redlines were exchanged 14 back and forth, I don't know, I don't remember. 15 Q. Now, as of June 23, 2004, you didn't know 16 that eventually you were going to purchase 7/12 and 17 8/12, right? 18 A. As terms of the specific numbers, correct. 19 Q. In light of that, do you have a 20 recollection of whether you specifically reviewed 21 even copies of notes 7/12 and 8/12 before you 22 eventually agreed to purchase those? 23 A. I don't have a specific recollection. 24 Q. What is your recollection of the extent to 25 which prior to purchasing notes 7/12 and 8/12 you</p>

<p style="text-align: right;">Page 65</p> <p>1 reviewed any of the purported Bandagro promissory 2 notes? 3 MR. ELLIOTT: I think you asked that 4 question. 5 MR. SCHWARTZ: I'm doing it from a 6 different direction. We began to touch on it but 7 we're going to get into a little more detail now. So 8 let me rephrase so we don't have colloquy in between 9 the question. 10 Q. Recognizing that at least as of June 23, 11 2004, you didn't know which notes you were going to 12 eventually purchase, what's your best recollection of 13 the extent to which you reviewed any of the notes 14 before agreeing to purchase 7/12 and 8/12? 15 A. I would say that I'm sure we looked at the 16 notes before then but I don't have a specific 17 recollection. 18 Q. When you say "we," who do you mean? 19 A. Both myself and the attorneys. 20 Q. Which attorneys? 21 A. Crabbe-Brown. 22 Q. When did you personally -- set aside 23 Crabbe-Brown now. When did you personally review the 24 notes prior to agreeing to purchase them? 25 A. Again, as I just said, I don't have a</p>	<p style="text-align: right;">Page 67</p> <p>1 2004, right? 2 A. Yes. 3 Q. And you've also testified that you agreed 4 to purchase those two instruments sometime at the end 5 of July or early August 2004, right? 6 A. Yes. 7 Q. What I'm trying to find out is what 8 efforts anybody made on your behalf, you've already 9 testified as to yourself, now we're talking about 10 Alcalde. What efforts were made to review any of the 11 Bandagro notes prior to the time you purchased them? 12 So is that clear enough? 13 A. Yeah. So, again, what I answered was I 14 don't recall any specific times. 15 Q. As to yourself. Now I'm asking about 16 Alcalde. 17 A. And again, like I said, I was not over 18 their shoulder anytime they reviewed them so I don't 19 recall any specific occasion other than the one that 20 when they got the notes, they were looking at the 21 originals. 22 Q. Are you sure that Alcalde or anybody else 23 at Crabbe-Brown reviewed any of the Bandagro notes 24 prior to the time they arrived on August 18th? 25 MR. ELLIOTT: And your talking about</p>
<p style="text-align: right;">Page 66</p> <p>1 specific recollection. So it would be hard to give 2 you a date. 3 Q. What's your best recollection? 4 MR. ELLIOTT: He doesn't have one. 5 Q. No recollection? 6 A. Could have been once, twice -- 7 MR. ELLIOTT: We don't want you to 8 speculate. 9 Q. Are you sure you did it? 10 A. Pretty sure. 11 Q. And what's your understanding of when 12 Crabbe-Brown reviewed the notes? 13 A. I'm sure they reviewed them more than 14 once. I wasn't looking over their shoulder anytime 15 that I remember, so. I know that Alcalde looked at 16 them carefully when we got them, for sure, I remember 17 that. 18 Q. Yeah, I just want to be clear, I'm talking 19 about before you agreed to purchase them. 20 A. Okay. So could have been -- those things 21 are so close in time, you know, could be -- 22 Q. Let's make sure, because this may be a 23 little too choppy. 24 So I know that your interrogatory answer 25 says that you received 7/12 and 8/12 on August 18,</p>	<p style="text-align: right;">Page 68</p> <p>1 copies, originals? Any version of the notes that 2 they purchased, right? 3 Q. Even more broadly. Any version of any of 4 the notes that Bandagro is alleged to have issued. 5 A. Yes, I'm sure. 6 Q. And what's your best recollection of when 7 Crabbe-Brown did that? 8 A. I don't have a recollection as to a 9 specific time. 10 Q. Did you think it was important to review 11 the notes themselves before you agreed to purchase 12 them? 13 A. So we're going to get into another 14 colloquy about importance if you're asking me, 15 because it's not a black-and-white question. All 16 things have a sliding scale of importance. And so we 17 did everything we could do in looking, I'm sure 18 looking at the notes was one of them. 19 Was it -- most of our diligence was 20 focused -- from my point of view the most important 21 focus was was the Attorney General decision rendered, 22 was it final and binding, could it be changed, what 23 was the law of Venezuela. 24 On a lesser scale of importance to me, 25 maybe more so to Alcalde, was to read -- do the other</p>

<p style="text-align: right;">Page 69</p> <p>1 things. I'm not saying it wasn't important to me, we 2 spent a lot of time, money, and effort getting all 3 this other stuff. But to me was it important? Well, 4 even the slightest thing is of interest. So I don't 5 know how to answer your question was it important. 6 That's how I would answer it.</p> <p>7 Q. That certainly was of interest to you to 8 review the notes.</p> <p>9 A. Yeah, we wanted to look at them.</p> <p>10 VIDEOGRAPHER: Excuse me, Mr. Richards, 11 your mic is falling off.</p> <p>12 THE WITNESS: I'm sorry.</p> <p>13 Q. Once you determined sometime after 14 June 23rd of 2004 that you were going to purchase 15 7/12 and 8/12 and not 3/12 and 4/12 or any other 16 note, was it of interest to you at that time to 17 examine the particular instruments that you were 18 going to be purchasing?</p> <p>19 A. I don't recall that. Maybe I'm wrong 20 about this, but I assumed that the notes were all 21 essentially the same. So I could be wrong about 22 that, but my recollection today is that was the case.</p> <p>23 Q. When you examined them, 7/12 and 8/12, 24 before agreeing to purchase them -- let me rephrase 25 that question.</p>	<p style="text-align: right;">Page 71</p> <p>1 MAT, MAT International I think it was or something 2 like that. When they delivered the notes, the guy 3 had picked them up at Schianchi's office and they 4 were in his possession till he delivered them to 5 Alcalde.</p> <p>6 So they kept us advised of his progress 7 coming across and so we knew about when the guy was 8 going to arrive at Crabbe-Brown and I knew about that 9 so I was there when they arrived with the security 10 carrier.</p> <p>11 Q. How did they keep you apprised of the 12 progress?</p> <p>13 A. They had some of -- today it's easy, 14 right? We have Internet and you can see where your 15 FedEx, what truck it's in. Back then it was 16 different and I don't remember exactly how they did 17 that but I think he was -- he may have had a phone 18 that he called Alcalde when he arrived in America, 19 when he picked up there was some method of 20 communication that he reported to Alcalde at each 21 respective step and I forget exactly what that was.</p> <p>22 Q. And then the person who had the notes was 23 from Matt, M-a-t-t?</p> <p>24 A. One of these international couriers, 25 security couriers. I was thinking it was Brinks but</p>
<p style="text-align: right;">Page 70</p> <p>1 When you examined any of the notes prior 2 to agreeing to purchase 7/12 and 8/12, did you notice 3 anything unusual about them?</p> <p>4 A. I can't say that I did, looking at it, 5 thinking about it today.</p> <p>6 Q. Did you notice anything on the face of the 7 notes that raised any question in your mind as to 8 their authenticity?</p> <p>9 A. No.</p> <p>10 Q. After reviewing the notes did you have any 11 questions for anybody about them?</p> <p>12 A. Again, I don't remember when I reviewed 13 them, so.</p> <p>14 Q. How many of them did you review before you 15 agreed to purchase 7/12 and 8/12?</p> <p>16 A. I don't know.</p> <p>17 Q. After the notes were received on 18 August 18, 2004, did you review them then?</p> <p>19 A. I looked at them, for sure. Reviewed, 20 looked at them, for sure.</p> <p>21 Q. How long after their arrival?</p> <p>22 A. I was there when they arrived.</p> <p>23 Q. What do you mean by "then"?</p> <p>24 A. When the Brinks guy, or maybe it wasn't 25 Brinks, I think it was a different security firm,</p>	<p style="text-align: right;">Page 72</p> <p>1 I think it was something called MAT. Might have been 2 Brinks.</p> <p>3 Q. And whether it was Brinks or MAT, the 4 delivery person brought the notes to Crabbe-Brown and 5 were you waiting for this individual to arrive?</p> <p>6 A. Yes. He had a like handcuff or secure 7 bracelet thing that had a chain to his arm and the 8 chain went to the bag and the bag had a seal on it. 9 So it was kind of a formal production where he was 10 saying -- so I remember that day.</p> <p>11 Q. And then when the handcuffs were taken off 12 and the seal was broken, the notes were unfurled and 13 you reviewed them right then and there?</p> <p>14 A. Might have been that Alcalde had a key as 15 well as the guy had a key and it might have taken two 16 keys to open the thing. But I remember it was kind 17 of a serious effort.</p> <p>18 So, I'm sorry, the question was?</p> <p>19 Q. Once the serious effort was undertaken to 20 unlock the security system and unfurl the notes, did 21 you actually review them right then and there with 22 Alcalde?</p> <p>23 A. I looked at them.</p> <p>24 Q. How much time did you spend?</p> <p>25 A. Well, Alcalde -- I was there for a short</p>

<p style="text-align: right;">Page 73</p> <p>1 period of time I think and I left them with Alcalde 2 and he looked at them. 3 Q. Had you ever received a delivery in this 4 manner before? 5 A. Never before or since. 6 Q. Have you looked at the notes again since 7 that day, August 18, 2004? 8 A. I think -- the actual notes -- the 9 original copies I have, they went into a safe and I 10 haven't seen them since. 11 Q. When you examined them on August 18, 2004, 12 did you notice anything about them that raised any 13 question about whether they were authentic? 14 A. So again, I said "looked," you said 15 "examined," that might mean something a little 16 different to most people. So I looked at them and I 17 didn't notice anything. 18 Q. Did you read the text of them? 19 A. I probably didn't. 20 Q. When you had reviewed them previously or 21 reviewed others previously, did you read the text of 22 them then? 23 A. I think I already answered that I don't 24 recall that. 25 Q. When you eventually agreed to purchase</p>	<p style="text-align: right;">Page 75</p> <p>1 the lawsuit will be decided and controlled by me. So 2 that was part of it. So I was in charge of the 3 lawsuit, however long it took. 4 That I also agreed to undertake to 5 interview and engage other professionals, like 6 investment bankers. In other words, to work on the 7 thing. And then I also agreed to make future 8 payments as agreed to by the parties. 9 And it was implied that if there was good 10 reason for him to have money beyond the 450, that we 11 would provide that to him. 12 Q. So what was the purchase price? 13 MR. ELLIOTT: He just answered that 14 question. 15 A. Some of the noncash -- some of the noncash 16 consideration you'd have to value for yourself. I'd 17 say I value -- my time is valuable and all the other 18 stuff. So put it into legal fees, who knows what 19 that would have been. 20 Q. Let me ask the question in a slightly 21 different way. Let me ask a slightly different 22 question. 23 A. Okay. 24 Q. When you agreed to purchase notes 7/12 and 25 8/12 at the end of July or early August of 2004, did</p>
<p style="text-align: right;">Page 74</p> <p>1 notes 7/12 and 8/12, what was the purchase price? 2 A. Well, the purchase price consisted of 3 varying forms of consideration and I think that we -- 4 I think that we outline it in the agreement, if I 5 recall correctly. 6 Q. You're talking about Exhibit 12? 7 A. Yeah, we agreed to pay -- excuse me, yes, 8 Exhibit 12. 9 So we -- the consideration we gave for the 10 notes was as follows: \$250,000 in cash, we agreed -- 11 excuse me. 12 We had agreed to give them some additional 13 funding of \$200,000, we were going to incur the -- 14 cover the legal fees and expenses in the case, so we 15 agreed to undertake to prosecute a lawsuit and follow 16 that through. 17 We had agreed to incur a bunch of the 18 obligation to manage that for however long it took 19 and we agreed to sort of put a team together to 20 execute on that legal -- Sitrick was part of that 21 team. 22 And I say that I'll use my efforts to 23 manage and oversee the lawsuit and to do various 24 things that are necessary to support the lawsuit. 25 And that I'll manage the lawsuit and all matters in</p>	<p style="text-align: right;">Page 76</p> <p>1 you perform some kind of analysis as to what the risk 2 was and what the reward was of this -- potential 3 reward was of this transaction? 4 A. Well, you do that, I mean, that's kind of 5 in my DNA thinking, sure. 6 Q. So when your DNA was thinking at that 7 time -- 8 A. I don't think my DNA had thoughts. It's 9 part of your decision, the risk versus the reward. 10 Q. I get that. 11 A. Yeah. 12 Q. That's how you think, right? 13 A. Yeah. 14 Q. So when you make that kind of assessment, 15 do you typically try to quantify the risk and the 16 potential reward? 17 A. As best you can at the time. 18 Q. So when you entered into this transaction, 19 how did you quantify the risk and how did you 20 quantify the reward? 21 A. Well, you have to understand at this time 22 we had no idea what Venezuela was going to do when we 23 filed the lawsuit. So to that point they had ignored 24 at least two things that was sent to them; Kennedy's 25 email, and the demand letter that was sent in June.</p>

<p style="text-align: right;">Page 77</p> <p>1 So we had no idea what was going to happen.</p> <p>2 So lack of knowledge is a risk, so there</p> <p>3 was risk there. Obviously there's risk that if you</p> <p>4 had to go ahead and file a lawsuit, that you would</p> <p>5 lose the lawsuit. So the risk, the downside risk is</p> <p>6 zero, so it's a loss of all of your money.</p> <p>7 Additionally, risk is time and effort. So</p> <p>8 there was a potential, as we are demonstrating here</p> <p>9 today, that 12 or 13 years or 15 years later you</p> <p>10 would still be putting a tremendous amount of time</p> <p>11 and effort into the thing. So there's the specter of</p> <p>12 10 or 12 or 15 years of effort. So those are all</p> <p>13 risks. And there were other risks as well.</p> <p>14 But basically what the risk is, loss of</p> <p>15 not only anything you spend but risk is also time,</p> <p>16 money, and effort. There's limited bandwidth as to</p> <p>17 what we can do and so if we're devoting a lot of time</p> <p>18 to this, something else we can't devote time to.</p> <p>19 So all of that were risks of the deal.</p> <p>20 Then you had the risk of all of these other liens on</p> <p>21 the notes. You had the risk of the Woodstrite lien,</p> <p>22 you had the risk of the Jacir lien, and then there's</p> <p>23 always the risk of the unknown. You didn't know</p> <p>24 there were other liens for sure.</p> <p>25 It's not like a secured transaction in the</p>	<p style="text-align: right;">Page 79</p> <p>1 to put all the effort into the lawsuit. That's how I</p> <p>2 looked at it.</p> <p>3 Q. I'm just trying to understand one thing</p> <p>4 you said. Take a look at the waterfall that's</p> <p>5 contained within Exhibit 12. It's on page 000899.</p> <p>6 You have that page in front of you?</p> <p>7 A. I'm sorry, what's the number? Oh, it's in</p> <p>8 the promissory.</p> <p>9 Q. Yeah, it's on 00899 within the promissory</p> <p>10 note portion of Exhibit 12.</p> <p>11 A. Yeah.</p> <p>12 Q. So this is the waterfall that existed at</p> <p>13 the time that you agreed to purchase 7/12 and 8/12 in</p> <p>14 late July or early August, right?</p> <p>15 A. Well, I think we went over this very</p> <p>16 carefully yesterday so maybe I wasn't clear. This is</p> <p>17 the waterfall I said -- testified yesterday</p> <p>18 specifically that it was the waterfall in December or</p> <p>19 January of -- December of 2004 and January of 2005.</p> <p>20 And we went through all of the reasons why that was</p> <p>21 the case.</p> <p>22 Q. All right. Thank you.</p> <p>23 A. And I think I said --</p> <p>24 Q. Thank you for that clarification. I</p> <p>25 understand now what you're saying and I appreciate</p>
<p style="text-align: right;">Page 78</p> <p>1 United States where you can go to the local Secretary</p> <p>2 of State's Office and you can find UCC's filings if</p> <p>3 you're not -- you're 98 percent sure you're clear.</p> <p>4 So there's always the risk of the unknown</p> <p>5 and certainly in a transaction like this involving</p> <p>6 bearer instruments there's risks. So all of that is</p> <p>7 on the risk side. The risks were high and very high.</p> <p>8 And on the reward side we were going to</p> <p>9 get a return on our funding. As of the time we filed</p> <p>10 the lawsuit, I believe our -- the waterfall would</p> <p>11 have put us at, after the attorneys were paid, the</p> <p>12 next \$10 million.</p> <p>13 So the potential at that point was that we</p> <p>14 would have put all of the cash, all the 15 years of</p> <p>15 effort, all the risk for just the \$10 million return.</p> <p>16 So we were looking at that and actually,</p> <p>17 you know, it's not a great deal. I've got a lot</p> <p>18 better deals in my life than that. So one of the</p> <p>19 things we thought we could do was we could improve</p> <p>20 the deal as time went on as Gruppo needed more</p> <p>21 funding.</p> <p>22 So the deal as structured when we -- it</p> <p>23 was certain when we filed the litigation is we would</p> <p>24 receive something short of \$10 million that in return</p> <p>25 for not only the cash and my time but the commitment</p>	<p style="text-align: right;">Page 80</p> <p>1 that, so you don't have to continue explaining it to</p> <p>2 me, I have it. So let's look at that other document,</p> <p>3 No. 13.</p> <p>4 And let's look at the waterfall that's</p> <p>5 contained within Exhibit 13, that's on page 005874.</p> <p>6 A. Yes.</p> <p>7 Q. Okay. And if you look at that waterfall,</p> <p>8 is that the one that was in effect when you agreed to</p> <p>9 purchase 7/12 and 8/12 in late July or early August</p> <p>10 of 2014 [verbatim]?</p> <p>11 A. I believe so, yes.</p> <p>12 Q. Let me ask you to look at another</p> <p>13 document. We'll mark this as Exhibit 15.</p> <p>14 (RICHARDS/SKYE EXHIBIT 15 WAS MARKED.)</p> <p>15 Q. Mr. Richards, I'm showing you what's been</p> <p>16 marked as Exhibit 15. This is a letter from Crabbe,</p> <p>17 Brown & James to the Honorable Tobias Nobrega Suarez,</p> <p>18 the Minister of Finance of Venezuela, dated June 24,</p> <p>19 2004. It's apparently signed by Mr. Alcalde. Please</p> <p>20 take a moment and look at this and let me know if</p> <p>21 recognize it.</p> <p>22 A. This appears to be the demand letter that</p> <p>23 was sent by Crabbe-Brown to Nobrega that we referred</p> <p>24 to earlier.</p> <p>25 Q. Did you receive a copy of Exhibit 15 on or</p>

<p style="text-align: right;">Page 81</p> <p>1 about June 24, 2004?</p> <p>2 A. I know the demand was made but I don't</p> <p>3 recall receiving this.</p> <p>4 Q. Have you ever seen this before?</p> <p>5 A. I think I saw it in -- might have seen it</p> <p>6 in preparation for deposition but I may not have.</p> <p>7 Q. But you knew back in June of 2004 that</p> <p>8 Alcalde had sent this letter, right?</p> <p>9 A. I knew he had sent a demand to the</p> <p>10 Ministry of Finance, yes.</p> <p>11 Q. And Exhibit 15 has a date on it that's</p> <p>12 just one day after Exhibit 13, right?</p> <p>13 A. Yep.</p> <p>14 Q. And Exhibit 13 is the document that has</p> <p>15 Skye Ventures purchasing notes 3/12 and 4/12, right?</p> <p>16 A. Yes.</p> <p>17 Q. Now, if you look at the second paragraph</p> <p>18 of Exhibit 15, you'll see that Mr. Alcalde wrote</p> <p>19 "Skye Ventures, having obtained two notes from Gruppo</p> <p>20 Triad FCC SPA, is the lawful bearer of the securities</p> <p>21 hereinafter described," and then he hereinafter</p> <p>22 describes them in the next page notes 3/12 and 4/12,</p> <p>23 right?</p> <p>24 A. Yes.</p> <p>25 Q. So as of June 24, 2004, Skye Ventures had</p>	<p style="text-align: right;">Page 83</p> <p>1 Venezuelan Ministry of Finance that Skye Ventures is</p> <p>2 the lawful bearer of notes 3/12 and 4/12, that was</p> <p>3 false.</p> <p>4 MR. ELLIOTT: Objection.</p> <p>5 A. Well, again, you have Exhibit 13 here that</p> <p>6 said I'm -- that Skye was the owner, had signed it</p> <p>7 right before they sent this. So you may be arguing</p> <p>8 over legal differences as to who's the owner or who's</p> <p>9 the bearer, but if you're asking me does this letter</p> <p>10 say that I had the notes in my hand, I didn't. If</p> <p>11 that's the way you're interpreting it.</p> <p>12 Q. I don't think it's a matter of</p> <p>13 interpretation, it says you are the bearer, correct?</p> <p>14 A. Yes.</p> <p>15 Q. You were not the bearer, correct?</p> <p>16 A. Again, if I'm the bearer of the notes, so</p> <p>17 here's -- this is something I'm just doing off the</p> <p>18 seat of my pants here, so I would tell you today I'm</p> <p>19 the bearer of the notes.</p> <p>20 Q. Which ones?</p> <p>21 A. 7 and 8. But on the other hand, I don't</p> <p>22 have them in my hands, an escrow agent holds them for</p> <p>23 me. So --</p> <p>24 Q. That escrow agent is somebody who is</p> <p>25 operating under an agreement, correct?</p>
<p style="text-align: right;">Page 82</p> <p>1 not obtained two notes from Gruppo Triad, correct?</p> <p>2 A. Correct, we had no possession of notes at</p> <p>3 that time.</p> <p>4 Q. So this letter that Alcalde sent was</p> <p>5 false, right?</p> <p>6 MR. ELLIOTT: No, that's not true.</p> <p>7 MR. SCHWARTZ: Wait a minute, you can't</p> <p>8 answer.</p> <p>9 MR. ELLIOTT: No, what I can do though is</p> <p>10 tell you that this is a letter that he's testified to</p> <p>11 you that he didn't prepare, obviously, and that he</p> <p>12 may have seen for the first time in preparing for his</p> <p>13 deposition. And now you are asking him to interpret</p> <p>14 Mr. Alcalde's words and I think that's improper.</p> <p>15 MR. SCHWARTZ: Well, you can object.</p> <p>16 MR. ELLIOTT: I did. You quarreled with</p> <p>17 my objection so I explained it to you.</p> <p>18 Q. This letter's false, correct?</p> <p>19 MR. ELLIOTT: Objection.</p> <p>20 A. Well, so what I would say is if "bearer"</p> <p>21 means that you're actually holding the notes, I could</p> <p>22 see that I had obtained or had rights to two notes,</p> <p>23 that could be correct, but I was certainly not the</p> <p>24 bearer of two notes at that time.</p> <p>25 Q. So to the extent Alcalde was telling the</p>	<p style="text-align: right;">Page 84</p> <p>1 A. Yes.</p> <p>2 Q. All right.</p> <p>3 A. And so I don't know, there may have been</p> <p>4 an escrow agreement in place at the time, there may</p> <p>5 be. You'd have to ask Crabbe-Brown for that.</p> <p>6 Q. Let me ask you this, where were notes 3/12</p> <p>7 and 4/12 on June 24, 2004?</p> <p>8 A. I'm assuming that they were in the</p> <p>9 possession of Siro Schianchi.</p> <p>10 Q. Were they in Ohio?</p> <p>11 A. No.</p> <p>12 Q. I'm going to show you another document</p> <p>13 we'll mark as Exhibit 16.</p> <p>14 (RICHARDS/SKYE EXHIBIT 16 WAS MARKED.)</p> <p>15 Q. Mr. Richards, please take a look at</p> <p>16 Exhibit 16 and let me know if you recognize this</p> <p>17 document.</p> <p>18 A. It's a letter from Crabbe-Brown to</p> <p>19 Ministry of Finance, dated August 11, 2004.</p> <p>20 Q. Have you ever seen this one before?</p> <p>21 A. Probably have.</p> <p>22 Q. Did you get a copy of this from</p> <p>23 Crabbe-Brown in August of 2004?</p> <p>24 A. I may have, for sure.</p> <p>25 Q. You have a recollection one way or</p>

<p style="text-align: right;">Page 85</p> <p>1 another?</p> <p>2 A. No.</p> <p>3 Q. Did you know that Mr. Alcalde was going to</p> <p>4 be sending a letter in August of 2004 to the Ministry</p> <p>5 of Finance amending Exhibit 15 so that the letter</p> <p>6 would now apply to notes 7/12 and 8/12 instead of</p> <p>7 3/12 and 4/12?</p> <p>8 A. Yes.</p> <p>9 Q. And we've seen that Exhibit 15 was sent</p> <p>10 one day after Exhibit 13, right?</p> <p>11 A. Yes.</p> <p>12 Q. Bearing that in mind, and with reference</p> <p>13 to the August 11, 2004, date of Exhibit 16, does that</p> <p>14 give you any insight into when in late July or</p> <p>15 August -- or early August of 2004 you agreed to</p> <p>16 purchase notes 7/12 and 8/12?</p> <p>17 A. Well, it makes me think that the execution</p> <p>18 was probably close to the time of this letter, either</p> <p>19 right before or right after. So it was probably</p> <p>20 closer to this early August or this timeframe.</p> <p>21 MR. SCHWARTZ: Let's take a break.</p> <p>22 VIDEOGRAPHER: Off the record 11:03.</p> <p>23 (Recess taken.)</p> <p>24 VIDEOGRAPHER: On the record 11:17.</p> <p>25 Q. Mr. Richards, when you eventually arrived</p>	<p style="text-align: right;">Page 87</p> <p>1 page.</p> <p>2 A. Exhibit 13.</p> <p>3 Q. Yes.</p> <p>4 A. Here we go.</p> <p>5 Q. I'd like you to look at the second-to-last</p> <p>6 whereas clause on that page. Says "Whereas,</p> <p>7 beginning in August of 2003, Skye has previously</p> <p>8 purchased \$5,910,000 in notes and Skye purchase an</p> <p>9 additional \$100 million face value of the Notes."</p> <p>10 You see that?</p> <p>11 A. Yep.</p> <p>12 Q. What's the \$5,910,000 correspond to?</p> <p>13 A. I assume in relation to the deeds of</p> <p>14 trust.</p> <p>15 Q. And then there's a line that says "...and</p> <p>16 Skye purchase additional \$100 million face value of</p> <p>17 the Notes." What does that mean?</p> <p>18 A. Well, first it means I'm a lousy draftsman</p> <p>19 with contracts because it doesn't seem to make any</p> <p>20 sense. But I think the idea was to purchase an</p> <p>21 additional hundred million.</p> <p>22 Q. Right then and there on June 23, 2004?</p> <p>23 A. Yeah. I think that's what it means. But</p> <p>24 I guess it doesn't -- maybe it should say "Skye will</p> <p>25 purchase it," now as I -- I shouldn't probably say</p>
<p style="text-align: right;">Page 86</p> <p>1 at the waterfall that's contained within Exhibit 12,</p> <p>2 the agreement dated April 8th --</p> <p>3 A. Yes.</p> <p>4 Q. -- why did you incorporate that as part of</p> <p>5 the agreement that was dated roughly eight months</p> <p>6 earlier?</p> <p>7 A. Well, I just don't think we changed the</p> <p>8 date. I think we went through this yesterday, that</p> <p>9 my sense is that we just changed the page or that had</p> <p>10 the waterfall in there.</p> <p>11 Q. Why did you do it that way?</p> <p>12 A. Easier rather than redoing a whole</p> <p>13 agreement.</p> <p>14 Q. Why didn't you take Exhibit 13 and just</p> <p>15 include the updated waterfall in that document and</p> <p>16 change 3/12 and 4/12 to 7/12 and 8/12?</p> <p>17 A. Well, I don't know. But I was comfortable</p> <p>18 with the agreement that I'd originally had. Or</p> <p>19 proposed.</p> <p>20 Q. Why didn't you add a specific reference to</p> <p>21 7/12 and 8/12 in Exhibit 12?</p> <p>22 A. Exhibit 12 is the -- I don't know why I</p> <p>23 didn't. We already had it, so I think that kind of</p> <p>24 was -- those are irrelevant.</p> <p>25 Q. Take a look at Exhibit 13 on the first</p>	<p style="text-align: right;">Page 88</p> <p>1 look at one small part of an agreement and make a</p> <p>2 statement, because as I flip the page I see it says</p> <p>3 "Skye will purchase." So that's obviously not what</p> <p>4 it meant. So sorry about that.</p> <p>5 So my answer to your first question that</p> <p>6 what does the 5 million signify stands; as to what</p> <p>7 that second little clause said, I don't know. Poor</p> <p>8 draftsmanship.</p> <p>9 Q. Was the idea when you executed Exhibit 13</p> <p>10 that the \$5,910,000 in deeds of trust were going to</p> <p>11 be retired?</p> <p>12 A. I don't remember this part of it. That</p> <p>13 was certainly the idea when we -- Skye ultimately</p> <p>14 completed the purchase in August. Or late July or</p> <p>15 early August.</p> <p>16 Q. We've now seen most likely on or around</p> <p>17 August 10th.</p> <p>18 A. I would say before August 11. I don't</p> <p>19 know if it was August 10.</p> <p>20 Q. Close to August 11.</p> <p>21 A. Maybe.</p> <p>22 Q. Isn't that what you testified to before we</p> <p>23 took the break?</p> <p>24 A. I think I said it refreshes my</p> <p>25 recollection that it might have been closer to that.</p>

<p style="text-align: right;">Page 89</p> <p>1 It doesn't mean that it actually was. If it makes a 2 difference, I'll think harder. 3 Q. Well, think harder. It makes a 4 difference. 5 MR. ELLIOTT: The question is what: When 6 did he complete the purchase of 7/12 and 8/12; is 7 that what you're asking? 8 MR. SCHWARTZ: Yes, we had looked at the 9 demand letter from Mr. Alcalde. 10 MR. ELLIOTT: Right. 11 Q. Let's just get the exhibit number. I want 12 to say 16. That was dated August 11, 2014 13 [verbatim], and I don't want to put words in your 14 mouth but I thought you had said in light of the 15 August 11, 2014, date on Exhibit 16, you thought that 16 gave you a reasonably good indication that you 17 completed the purchase of the agreement to purchase 7 18 of 12 and 8 of 12 around that date. 19 MR. ELLIOTT: That's not what he said. 20 MR. SCHWARTZ: Let's ask him about that. 21 A. I think what I said or what I should have 22 said, what I meant to say is it makes it seem like it 23 was closer toward August 11th than it would be 24 toward July. It made it seem like early August was a 25 more likely time of having -- that's what I meant. I</p>	<p style="text-align: right;">Page 91</p> <p>1 retired the \$5,910,000 in deeds of trust? 2 A. To the, you know, the agreement is the 3 agreement. If it's in there, it's in there. But 4 that was the understanding, for sure. 5 Q. To this day do you know if any steps have 6 been taken to release the liens in the deeds of trust 7 that you obtained? 8 A. Well, the actions of the parties behaved 9 like that's how we behaved. I'm sure there were 10 emails to that effect. That was the basis for the 11 waterfall in the agreement, the existing deeds of 12 trust, so. 13 As to whether there was a specific 14 agreement that said I hereby abandon the deeds of 15 trust, I don't know. I don't think there was one but 16 I wouldn't see any reason to do that myself. 17 Q. Well, those deeds of trust applied not 18 just to 7/12 and 8/12 but to all the other Bandagro 19 notes that are the billion of face value that 20 Pavanelli Gruppo Triad owned, right? 21 A. So I'm assuming that they were comfortable 22 it was abandoned too. 23 Q. Let's mark Exhibit 17. 24 (RICHARDS/SKYE EXHIBIT 17 WAS MARKED.) 25 Q. Mr. Richards, I'm going to show you</p>
<p style="text-align: right;">Page 90</p> <p>1 didn't mean it was like August 10th, I remember it 2 was August 10th, that's not what I meant to say. 3 Q. All right, now, let's just use early 4 August 2014 so we don't have to spend a lot of time 5 on the transcript. 6 A. Let's use early August but with, you know, 7 my uncertainty that's already on the record noted. 8 Q. I'll tell you what, I'll waste pages and 9 use the late July/early August just so we don't have 10 to have disagreement about this right now. 11 So when in late July or early August of 12 2014 -- 13 A. You can say "early August" if it's easier. 14 I'm okay with that. 15 MR. ELLIOTT: Let's use the way he's 16 asking the questions so we can get somewhere here. 17 A. Okay. Sorry. 18 Q. When you entered into the agreement to 19 purchase 7/12 and 8/12 either late July or early 20 August that's Marked as Exhibit 12, recognizing that 21 the waterfall was later added in December or amended 22 in December -- 23 A. Was later amended at least once, maybe 24 more than once. 25 Q. -- did you include any provision that</p>	<p style="text-align: right;">Page 92</p> <p>1 Exhibit 17. It's a letter from Mr. Jacir to you and 2 Mr. Alcalde from May 23rd of 2004. It's in 3 Spanish. Let me know if you recognize this document. 4 A. Not particularly. In the mass of the 5 thousands of pages of Spanish documents, I don't 6 remember this standing out, but. I don't recall. I 7 certainly wouldn't have read it specifically. 8 Q. Do you have any recollection of receiving 9 a letter from Mr. Jacir addressed to you in Spanish 10 around this timeframe? 11 A. I know we received, you know, 12 communications from Jacir throughout this timeframe 13 for sure. Whether this particular -- if you told 14 me -- what would have happened is that Alcalde might 15 have told me the subject of the inquiry and if I knew 16 what that was, then I could tell you whether I recall 17 or not. 18 Q. Do you recall getting a letter from Jacir 19 in this timeframe, the end of May 2004, in which he 20 discussed the action that Woodstrite had brought in 21 the Venezuelan Supreme Court at the end of 2003? 22 A. No. If that's what's in here, I don't 23 recall being aware. That's not, of course, to say 24 that the letter wasn't transmitted to Alcalde and 25 that Alcalde didn't read it.</p>

<p style="text-align: right;">Page 93</p> <p>1 Q. In a situation like this if Jacir had 2 written a letter to you and Alcalde in Spanish, do 3 you think you would have consulted with Alcalde as to 4 what it said? 5 A. If I knew about it, I might have asked 6 well, what's he talking about. 7 Q. Do you recall having had an interaction 8 like that with Alcalde in which you asked what Jacir 9 was talking about in some written communication? 10 A. I do. I mean, there were emails, there 11 were a couple of emails that Jacir sent to Alcalde, 12 and maybe more than a couple, that I was copied on. 13 I remember that for sure and asking Alcalde what's he 14 saying. 15 Q. And with respect to any such communication 16 was there a situation where Alcalde told you what 17 Jacir is saying concerns the Woodstrite litigation? 18 A. No, not that I remember. 19 Q. In the course of preparing to testify as 20 the Rule 30(b)(6) designee of Skye Ventures in this 21 deposition, did you speak to Mr. Alcalde? 22 A. I did. 23 Q. When? 24 A. It was recently, within the last week, 25 maybe Saturday or Friday.</p>	<p style="text-align: right;">Page 95</p> <p>1 Q. What did you hear Laura Pavanelli saying? 2 A. Just some general stuff, that she didn't 3 know much or her dad didn't tell her much about 4 things. That kind of thing. I listened to enough to 5 know that, you know, there wasn't much there to be 6 learned by sitting around and talking to her. 7 Q. Which one of your lawyers was talking to 8 her? 9 A. I think Adam was talking to her and Ben or 10 Chip might have been there. I think Chip was there 11 and Ben was there. Although Ben's not my lawyer I 12 guess. 13 And I'm not sure if they all were there 14 the entire time but they were talking to her on 15 speakerphone, which is why I heard. I was not 16 sitting there for the entire time listening to it. I 17 think they were trying to find if she had any 18 documents. 19 Q. How long was the portion of the 20 conversation that you overheard? 21 A. Five minutes, two minutes. Short. So I 22 got bored. 23 Q. Have you ever met Laura Pavanelli? 24 A. Yes. 25 Q. When?</p>
<p style="text-align: right;">Page 94</p> <p>1 Q. How long did you talk to him? 2 A. I think a couple hours. Between one and 3 two hours. 4 Q. Other than counsel at Cooper & Elliott did 5 you talk to anybody else to prepare to testify under 6 Rule 30(b)(6)? 7 A. I talked to Rick Gerace. 8 Q. Anybody else? 9 A. I heard a snippet of a conversation 10 between my attorneys and somebody else but it wasn't 11 me doing it. 12 Q. Who were they talking to? 13 A. Laura Pavanelli. 14 Q. When did this take place? 15 A. Again, Friday or Saturday. 16 Q. Did you talk to anybody else or hear 17 anyone talking to anyone else in the course of 18 preparing to testify under your Rule 30(b)(6)? 19 A. Help me, I'm getting a little worn here. 20 Let me think about that for a second. Trying to 21 think back what I've done over the course of the last 22 week or two. 23 Alcalde, listened to a little bit of Laura 24 Pavanelli talk, Gerace. I think that's all I can 25 remember at this time.</p>	<p style="text-align: right;">Page 96</p> <p>1 A. She came to Columbus one time after her 2 father died. 3 Q. Why? 4 A. She was taking over Gruppo Triad or 5 something or thinking about taking over Gruppo Triad 6 and she wanted to come and talk to the lawyers, me, 7 about what, you know, about generally what was going 8 on. 9 Q. When did this occur? 10 A. I can't really give you, I mean, it really 11 wasn't a significant event. It was nothing important 12 happened, so. I know it was after her father died, 13 which was I think you told me yesterday '08 -- or 14 '10. '10. My lawyer corrects me, so it was sometime 15 after '10 and before today. And it was probably 16 close to the time he died but I just don't have -- 17 zero memory of what it was. 18 Q. There was a meeting though that took place 19 here in Columbus? 20 A. Yeah. 21 Q. Where? 22 A. Crabbe-Brown. 23 Q. Who participated? 24 A. I think it was Jeff Brown, John Kennedy, 25 and me. And also perhaps Chip I think was there.</p>

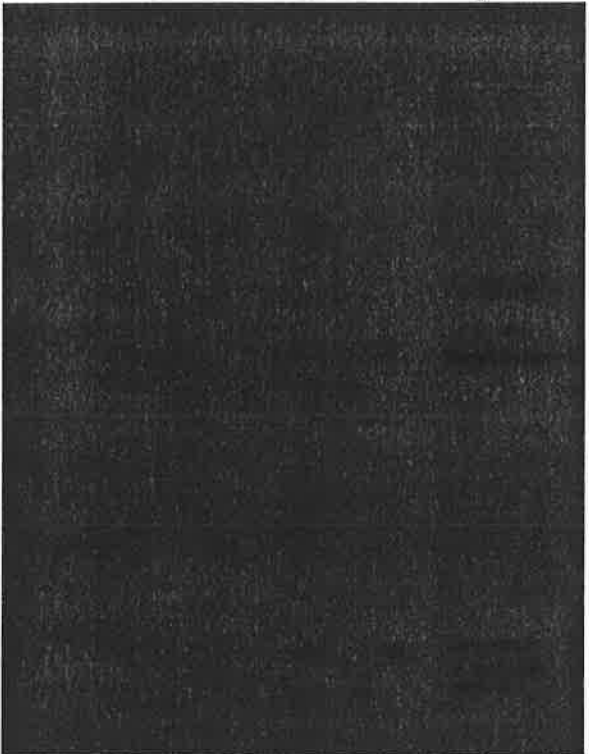
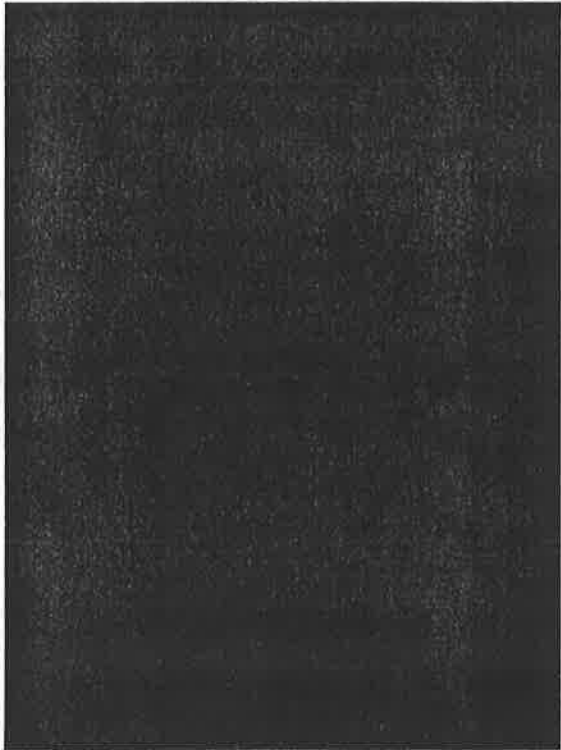

<p style="text-align: right;">Page 97</p> <p>1 Q. How long did that meeting last?</p> <p>2 A. Couple hours.</p> <p>3 Q. What was discussed?</p> <p>4 A. Well, I think we generally discussed where</p> <p>5 we were in the litigation, what was likely to happen.</p> <p>6 She was asking some questions about Schianchi. It</p> <p>7 sounded like they were having some difficulty whether</p> <p>8 she was trying to get information and he wouldn't</p> <p>9 give it to her or whether it was the estate, I forget</p> <p>10 what it was.</p> <p>11 And I was interested if she had any</p> <p>12 knowledge about Bandagro, she didn't. She said her</p> <p>13 dad kept things, business from -- even from when she</p> <p>14 was a young girl he kept the business separate from</p> <p>15 family so she didn't know much.</p> <p>16 She did remember that he was doing mineral</p> <p>17 deals and I remember that she said something about</p> <p>18 him doing deals related to minerals or something like</p> <p>19 that in Venezuela in the '80s, she remembered that.</p> <p>20 Q. How old is she?</p> <p>21 A. I don't know. I can't place her face, to</p> <p>22 be honest with you, today. But she was -- so she was</p> <p>23 Pavanelli's daughter so he's probably 75 today if he</p> <p>24 were alive, something like that, so she's probably in</p> <p>25 her 40s I would guess.</p>	<p style="text-align: right;">Page 99</p> <p>1 context of him arguing with his lawyer a decent</p> <p>2 amount. Of course, he argued with everyone. He</p> <p>3 argued with me quite a bit too.</p> <p>4 So, I'm sorry, I -- when my lawyer goes</p> <p>5 like this, I can tell I'm just going on too long.</p> <p>6 What was the question? I forgot.</p> <p>7 Q. I was asking whether you'd come to learn</p> <p>8 there was some rift between Schianchi and Pavanelli</p> <p>9 prior to 2010 --</p> <p>10 A. I don't know if there was a rift or not.</p> <p>11 Remember, I never spoke with Pavanelli after</p> <p>12 something like '06 or something like that.</p> <p>13 Q. And your last communication with Schianchi</p> <p>14 was when?</p> <p>15 A. Was after that, for sure. So you can see</p> <p>16 the agreements that I think went through -- whatever</p> <p>17 agreements certainly went through 2010 or '9 or '11,</p> <p>18 something like that. So certainly to the timeframe</p> <p>19 of those agreements. I haven't talked to him</p> <p>20 recently, for sure. But I don't know how long it's</p> <p>21 been since I talked to him.</p> <p>22 Q. Have you talked to him in this decade?</p> <p>23 A. Oh, yeah. Like 2011 for the agreements</p> <p>24 for sure and he has periodically sent emails asking</p> <p>25 for an update on litigation or what is going on in</p>
<p style="text-align: right;">Page 98</p> <p>1 Q. She speak English fluently?</p> <p>2 A. Yeah. She lived in America quite some</p> <p>3 time.</p> <p>4 Q. What do you remember being discussed as to</p> <p>5 where you were in the litigation?</p> <p>6 A. I don't remember where we were. Probably</p> <p>7 told her.</p> <p>8 Q. What do you remember about there being</p> <p>9 difficulty between her and Schianchi?</p> <p>10 A. I think she was having difficulty getting</p> <p>11 information from Schianchi that she wanted.</p> <p>12 Q. At some point prior to the house fire that</p> <p>13 is said to have killed Pavanelli did you come to</p> <p>14 learn there was any kind rift that had existed</p> <p>15 between him and Schianchi?</p> <p>16 A. They were always arguing. So that was</p> <p>17 always the case. I mean, I wouldn't say -- "arguing"</p> <p>18 may be not the right term but there was always a back</p> <p>19 and forth between, even from the first day that I met</p> <p>20 with Pavanelli. It was No, no, it's this or No, no</p> <p>21 it's that. So they had -- they were always a little</p> <p>22 bit contentious I would say. Because like I said,</p> <p>23 Pavanelli's a difficult guy.</p> <p>24 Q. Concerning what types of issues?</p> <p>25 A. I don't remember. I just remember the</p>	<p style="text-align: right;">Page 100</p> <p>1 the litigation and that kind of thing. So I may have</p> <p>2 seen that in one of those a couple years ago.</p> <p>3 Q. Have you responded to those emails?</p> <p>4 A. It's possible. I might have just referred</p> <p>5 it to Crabbe-Brown or to Rex and Chip. Or I might</p> <p>6 have sent him an innocuous response.</p> <p>7 Q. Have you been copied on any type of email</p> <p>8 communications between any of your lawyers and</p> <p>9 Schianchi?</p> <p>10 A. It's possible.</p> <p>11 Q. In what language have you been</p> <p>12 communicating with Schianchi by email?</p> <p>13 A. English. I can't communicate in Italian</p> <p>14 because I don't know.</p> <p>15 Q. Huh?</p> <p>16 A. I can't communicate in Italian because I</p> <p>17 don't know.</p> <p>18 Q. And he's capable of communicating at least</p> <p>19 in writing in English?</p> <p>20 A. He gets somebody to translate. If I see</p> <p>21 something, I would try to get some way to interpret</p> <p>22 it.</p> <p>23 Q. At any point have you asked Pavanelli,</p> <p>24 Gruppo Triad, or Schianchi for any evidence that</p> <p>25 Gruppo Triad or Pavanelli ever paid any real money</p>

<p style="text-align: right;">Page 101</p> <p>1 for notes 7 of 12 and 8 of 12?</p> <p>2 A. That was part of this diligence effort we</p> <p>3 did, we asked everything we could ask and I think we</p> <p>4 asked that.</p> <p>5 Q. Well, you told us yesterday that Pavanelli</p> <p>6 told you something about having paid a hundred</p> <p>7 million dollars for the billion and having used give</p> <p>8 or take 5 million of his own money in '95 that he</p> <p>9 raised some other way. Do you remember that</p> <p>10 testimony from yesterday?</p> <p>11 A. I did. That might have been incorrect.</p> <p>12 It might have been 200 million he told me, I forget.</p> <p>13 I think I said I was not certain of that. But, yeah.</p> <p>14 But that's what he told me, something like that.</p> <p>15 Might have been 200, might have been 100.</p> <p>16 I was thinking last night before I fell</p> <p>17 asleep that it might have been 200, the number that</p> <p>18 was taken, but I might have been wrong about that</p> <p>19 too.</p> <p>20 Q. As you sit here today do you remember what</p> <p>21 he told you? Yesterday you said 100. What are you</p> <p>22 saying today?</p> <p>23 A. I'm thinking yesterday -- I thought 100</p> <p>24 yesterday, I'm thinking it might have been more.</p> <p>25 Might have been 200.</p>	<p style="text-align: right;">Page 103</p> <p>1 Q. Let me just rephrase the question.</p> <p>2 A. Okay.</p> <p>3 Q. How is it that last night you arrived at</p> <p>4 the \$200 million figure?</p> <p>5 A. So last night, again, I was having trouble</p> <p>6 falling asleep and I was thinking about everything</p> <p>7 that we talked about yesterday as much as I could</p> <p>8 remember, and I remember saying -- thinking did I say</p> <p>9 anything incorrect or kind of, and this was one of</p> <p>10 the questions I was -- I think I expressed some</p> <p>11 uncertainty about the 100 and I was uncertain about</p> <p>12 it and I was thinking about it.</p> <p>13 And so I was thinking back as to what was</p> <p>14 that and what did I know about it and I remembered</p> <p>15 the impression that I had when he told me how much he</p> <p>16 paid for them that it was about the right amount of</p> <p>17 money.</p> <p>18 And so then I started to think what would</p> <p>19 the right amount of money have been and for a</p> <p>20 Venezuelan zero coupon bond in 1985 that was issued</p> <p>21 in 1981 the correct number would have been maybe a</p> <p>22 little less or a little more than 200. Again, not</p> <p>23 taking in account the risk of nonpayment.</p> <p>24 So I think, yeah, that's right, he must</p> <p>25 have told me about 200. So that was my internal</p>
<p style="text-align: right;">Page 102</p> <p>1 Q. What makes you think from yesterday to</p> <p>2 today that the number doubled?</p> <p>3 A. Well, so the number didn't double, it was</p> <p>4 either one or the other. So it didn't double, it was</p> <p>5 one or the other. But what made me think that, I was</p> <p>6 thinking about thinking back on that and I was kind</p> <p>7 of thinking of the financial environment at the time</p> <p>8 and, you know, what would have been appropriate price</p> <p>9 for the promissory notes and would have been probably</p> <p>10 about 200 million would have been the actual market</p> <p>11 price if there wasn't too much discount for the risk</p> <p>12 in Venezuela.</p> <p>13 And I remember the feeling when he told me</p> <p>14 the amount that it was about right. So that's what I</p> <p>15 was thinking about last night. So thinking what he</p> <p>16 told me was about right and I think the about right</p> <p>17 number would have been 200 million or something in</p> <p>18 that neighborhood.</p> <p>19 Q. How is it that last night you</p> <p>20 reverse-engineered to 200 million?</p> <p>21 MR. ELLIOTT: Objection.</p> <p>22 A. I didn't reverse-engineer anything. I</p> <p>23 don't think that's the correct characterization. But</p> <p>24 in the sense I did arrive at that number by my memory</p> <p>25 that it was --</p>	<p style="text-align: right;">Page 104</p> <p>1 thinking about the 200. Which I actually forgot</p> <p>2 about until you just brought it up</p> <p>3 Q. And in the course of doing that internal</p> <p>4 thinking what were your calculations?</p> <p>5 A. Well, they were again, I was in bed, it</p> <p>6 was in my head, but when these notes were issued, you</p> <p>7 might remember, we were both around, prime rates in</p> <p>8 the U.S. were even 21 or 22 percent. This was a</p> <p>9 crazy time for interest rates when these were issued.</p> <p>10 So the value of the notes in that context</p> <p>11 of those high interest rates, say call it 20 percent,</p> <p>12 well, if you take a zero coupon bond and you multiply</p> <p>13 it by 20 percent every year to get to the face value,</p> <p>14 my thumbnail in-my-head calculations would be about</p> <p>15 \$200 million, that's what I was thinking last night.</p> <p>16 Q. Now let me get back to the question I</p> <p>17 started with.</p> <p>18 At any point did you ask Pavanelli, Gruppo</p> <p>19 Triad, or Schianchi for evidence that they had</p> <p>20 actually paid real money to obtain the notes that</p> <p>21 were eventually sold to you, numbers 7 of 12 and 8 of</p> <p>22 12?</p> <p>23 A. Yes.</p> <p>24 Q. And did they give you evidence?</p> <p>25 A. Yes.</p>

<p style="text-align: right;">Page 105</p> <p>1 Q. What evidence?</p> <p>2 A. They produced closing documents from a</p> <p>3 closing that occurred in London at a bank. Notarized</p> <p>4 closing documents.</p> <p>5 Q. What did those documents consist of?</p> <p>6 A. If you could show them to me, I'd</p> <p>7 appreciate it. I think you must have them. But, and</p> <p>8 I didn't look at them as recent as I would have liked</p> <p>9 to, if you're going to ask me specific questions</p> <p>10 about them. So I'd prefer to look at the documents</p> <p>11 before I answer the question as to what was in there,</p> <p>12 since the documents exist. But if you want me do it</p> <p>13 from memory, I will.</p> <p>14 Q. Please.</p> <p>15 A. So the documents were, again, consisted of</p> <p>16 a bunch of notarized -- they were documents under</p> <p>17 notary seal and in there there were purchase</p> <p>18 agreements and I think they had the amount of the</p> <p>19 purchase in there, whether it was 100 million or</p> <p>20 200 million, whatever that was, they had that number</p> <p>21 in there.</p> <p>22 Q. You still have those documents?</p> <p>23 A. As I said yesterday, my attorneys have</p> <p>24 everything.</p> <p>25 Q. And included within those documents were</p>	<p style="text-align: right;">Page 107</p> <p>1 interest in the notes, and --</p> <p>2 Q. Which notes?</p> <p>3 A. Well, it wasn't defined at that time.</p> <p>4 They were looking at the deal, ideally it would have</p> <p>5 been 9/12. A separate note that they would have.</p> <p>6 So that started the process and throughout</p> <p>7 that they had diligence questions, some of which</p> <p>8 we'd, you know, some of which -- they asked for</p> <p>9 documents, some of which we had, some of which we</p> <p>10 didn't.</p> <p>11 And so when they asked for documents, we</p> <p>12 would turn -- if we didn't have them, we would ask</p> <p>13 Schianchi or Gruppo for them. And I know that we got</p> <p>14 the full set of documents that we have today were</p> <p>15 completed in June. Pavanelli brought it.</p> <p>16 Q. How do you spell Libra?</p> <p>17 A. L-i-b-r-a, as the sign.</p> <p>18 Q. Where is Libra based?</p> <p>19 A. LA.</p> <p>20 Q. LA? Do you know where in LA?</p> <p>21 A. Well, I don't know if Libra -- if Jess</p> <p>22 still has Libra. These firms all get bought and</p> <p>23 changed and that was a long time ago. So I'd be</p> <p>24 surprised if they were still there but Jess certainly</p> <p>25 is still around.</p>
<p style="text-align: right;">Page 106</p> <p>1 there any type of financial records that actually</p> <p>2 reflected the flow of funds or movement of money?</p> <p>3 A. I'd have to see the documents. I don't</p> <p>4 know if they would be in there or they should be in</p> <p>5 there.</p> <p>6 Q. When did you ask for this evidence?</p> <p>7 A. Well, when did I ask for the evidence. I</p> <p>8 think it was in, it's possible that Pavanelli gave me</p> <p>9 the evidence when I was there in the end of March or</p> <p>10 April.</p> <p>11 Q. Of 2004?</p> <p>12 A. Of 2004. But I think it was in June of</p> <p>13 2004 that we actually got the full raft of documents.</p> <p>14 I know that we got -- I'm certain that we got a lot</p> <p>15 of these documents in June. I'm not sure if I got</p> <p>16 any earlier all or part of them.</p> <p>17 Q. Why did you ask for evidence of documents</p> <p>18 that Pavanelli or Gruppo Triad had paid real money to</p> <p>19 obtain notes 7/12 and 8/12?</p> <p>20 A. Libra requested it.</p> <p>21 Q. What involvement did Libra have in the</p> <p>22 period up to June 2004?</p> <p>23 A. So I think I testified yesterday that</p> <p>24 Libra, we had interacted with Libra, they were</p> <p>25 interested in purchasing in some way or form an</p>	<p style="text-align: right;">Page 108</p> <p>1 Q. What is his last name?</p> <p>2 A. Ravich, R-a-v-i-c-h. I think he's still</p> <p>3 around.</p> <p>4 Q. Do you know the name of the business or</p> <p>5 businesses with which he's currently affiliated?</p> <p>6 A. No. I really didn't have much dealings</p> <p>7 with him after he passed in this transaction, he was</p> <p>8 not a member of my investor group.</p> <p>9 Q. Why did he make a pass on this?</p> <p>10 A. I don't know that I know exactly why.</p> <p>11 But, you know, we went a long time with them, spent a</p> <p>12 lot of money with them. They prepared memorandums.</p> <p>13 So I don't know why they passed in the end. It was</p> <p>14 four months of work with him.</p> <p>15 I remember being a little surprised that</p> <p>16 they passed, and disappointed. Could have been</p> <p>17 something simple as they just thought the risk, even</p> <p>18 if they could get in the deal 10 percent, they</p> <p>19 thought the risk was too high. Or could have been</p> <p>20 maybe they changed their focus inside the firm. I</p> <p>21 don't know.</p> <p>22 Q. Did Jeff Ravich --</p> <p>23 A. Jess. J-e-s-s.</p> <p>24 Q. Did Jess Ravich or anyone else at Libra</p> <p>25 tell you why they declined to get involved with the</p>

<p style="text-align: right;">Page 109</p> <p>1 Bandagro notes?</p> <p>2 A. No. Sorry, we're taking a pass is the</p> <p>3 kind of normal thing you would get.</p> <p>4 Q. Now, you said that you got a full raft of</p> <p>5 documents from Pavanelli in June 2004; is that right?</p> <p>6 A. We got a lot of documents from Pavanelli.</p> <p>7 "Full raft," I don't know exactly what the technical</p> <p>8 numeric term. So we got a lot of documents.</p> <p>9 We were transmitting requests from Libra</p> <p>10 and getting documents and transmitting them to Libra.</p> <p>11 And they had a couple -- wasn't Jess who was actually</p> <p>12 doing the work, he had a few younger analysts at the</p> <p>13 time.</p> <p>14 Q. Who were when?</p> <p>15 A. I don't remember their names.</p> <p>16 Q. What type of requests was Libra making?</p> <p>17 A. All the requests that you might make: Why</p> <p>18 do you think this is final and binding? They were</p> <p>19 also focused on the sort of same thing we were</p> <p>20 focused on but they also were -- these are young</p> <p>21 analysts and so they were just trying to cover</p> <p>22 everything.</p> <p>23 So, you know, you asked me in specific</p> <p>24 reference to these documents on the purchase, that</p> <p>25 was one thing they wanted, I remember that. If you'd</p>	<p style="text-align: right;">Page 111</p> <p>1 opportunity?</p> <p>2 A. I think it was in October-November-ish.</p> <p>3 And that's what caused us to go do the further</p> <p>4 marketing of 9/12 or the further effort on 9/12.</p> <p>5 Q. Did Libra make requests for information</p> <p>6 from you in writing?</p> <p>7 A. Probably. Probably there were emails</p> <p>8 asking for this or that. I'm sure there were verbal</p> <p>9 requests.</p> <p>10 Q. And did you exchange emails with Libra?</p> <p>11 A. Probably. They also had a -- they had</p> <p>12 a call -- yes, I did for sure.</p> <p>13 Q. You were going to say they also had a call</p> <p>14 with whom?</p> <p>15 A. They had calls with us regularly. So</p> <p>16 whether there may have been a written, it might have</p> <p>17 been an oral request.</p> <p>18 Q. How many calls with Libra did you have</p> <p>19 concerning the possibility of Libra getting involved?</p> <p>20 A. There were a number of them. I don't</p> <p>21 remember the number. It's June of 2004. You went</p> <p>22 back and forth as frequently as you had to.</p> <p>23 Q. Can you estimate?</p> <p>24 A. No.</p> <p>25 Q. Who else other than you on your side of</p>
<p style="text-align: right;">Page 110</p> <p>1 ask me about some specific thing, maybe I could</p> <p>2 recall something they specifically asked for or not.</p> <p>3 Q. So they wanted evidence that actual value</p> <p>4 had been paid by Pavanelli and Gruppo Triad for the</p> <p>5 notes.</p> <p>6 A. They wanted everything and that was one of</p> <p>7 the things they wanted.</p> <p>8 Q. Before Libra asked you to get information</p> <p>9 from Pavanelli showing that Pavanelli or Gruppo Triad</p> <p>10 had actually paid money for the notes, had you asked</p> <p>11 for any such evidence?</p> <p>12 A. Well, like I said, I know we discussed</p> <p>13 that when I was in Como the first time and it might</p> <p>14 be that might have been part of what I brought back</p> <p>15 from Como.</p> <p>16 When I came back from Como, the reason I</p> <p>17 think I don't remember is while we were gathering</p> <p>18 everything we could, we were focused on the key part</p> <p>19 of this case and if we hadn't concluded that the</p> <p>20 Attorney General decision was valid, binding,</p> <p>21 couldn't be reversed under the laws of Venezuela,</p> <p>22 there would have been no deal. That was the key part</p> <p>23 of this, we would have never made further investment,</p> <p>24 so.</p> <p>25 Q. When was it that Libra passed on this</p>	<p style="text-align: right;">Page 112</p> <p>1 this discussion participated?</p> <p>2 A. I can assume who participated but I don't</p> <p>3 remember.</p> <p>4 Q. Did Alcalde communicate directly with</p> <p>5 Libra?</p> <p>6 A. That's one of the people I would have</p> <p>7 assumed that did, but I don't remember.</p> <p>8 Q. Did Kennedy?</p> <p>9 A. Probably not.</p> <p>10 Q. Was there anybody else other than yourself</p> <p>11 and Alcalde who you think may have dealt with Libra</p> <p>12 for Sky Ventures?</p> <p>13 A. Probably Gary Post as well.</p> <p>14 Q. What was his connection?</p> <p>15 A. Gary was the guy, Gary had been in</p> <p>16 business with Jess prior to, prior to that. I think</p> <p>17 at Kidder Peabody or it might have been Drexel.</p> <p>18 Q. Did Gary bring Jess to you?</p> <p>19 A. I think he was the connection, yes.</p> <p>20 Q. Was Gary copied on the email</p> <p>21 communications between you and Libra concerning this</p> <p>22 possible investment by Libra?</p> <p>23 A. Probably. To the extent there were them,</p> <p>24 which I'm sure there were, yes.</p> <p>25 Q. Other than asking Pavanelli for or</p>

<p style="text-align: right;">Page 113</p> <p>1 Schianchi for evidence that Gruppo Triad had paid 2 real value for the notes at the request of Libra, on 3 any other occasion did you request that information? 4 A. So to repeat what I said, I think that I 5 got a bunch of documents from him we had discussed 6 when I was there at the end of March, and there might 7 have been some payment records in there, possible 8 maybe probable, but there were. 9 And as to whether we had discussed that 10 any other time, again, that was not the primary 11 focus, I just don't remember. 12 Q. At any point after you purchased notes 13 7/12 and 8/12, did you ask Pavanelli or Schianchi for 14 any further evidence that Gruppo Triad had actually 15 paid for the notes? 16 A. I don't recall asking for that. 17 Q. At any point after you purchased notes 18 7/12 and 8/12 did you ever ask Pavanelli or Gruppo 19 Triad or Schianchi for any further assurances that 20 Gruppo Triad had actually paid value for the notes? 21 A. Again, I think like I also said yesterday, 22 our view was that if he paid \$100 million for the 23 notes and they were not valid, they were not valid, 24 it didn't matter. And if he paid even nothing for 25 the notes and they were valid, they were valid.</p>	<p style="text-align: right;">Page 115</p> <p>1 other than yourself and Mr. Jones who was involved in 2 that website project? 3 A. I don't think so, no. Perhaps 4 Crabbe-Brown transferred some documents to him, it's 5 possible, but. 6 Q. Did Jones work for himself or was he -- 7 did he work for an organization? 8 A. He was the husband of a manager of one of 9 my businesses, and that I think he just worked out of 10 his house at the time. He had worked for other 11 people. He was in some -- but I don't think he was 12 at the time. I think it was just doing sort of 13 subcontract work like he did for me there. 14 Q. What was the name of the manager he was 15 married to? 16 A. Beth Hamlin is her name. 17 Q. Is she still alive as far as you know? 18 A. I don't know either way. I think, yeah, I 19 think she's still alive. I think I might have talked 20 to her a couple years ago. 21 Q. Does she live in the Columbus area? 22 A. I think she did at the time, yeah. She 23 was here. She was talking about going to Florida 24 but. 25 Q. Also going back to yesterday's testimony,</p>
<p style="text-align: right;">Page 114</p> <p>1 So once we filed the lawsuit, the question 2 was is the Attorney General's decision final or 3 binding and I don't recall focusing on any of that 4 afterwards. 5 Q. So you never made another request of 6 Schianchi or Pavanelli for assurances that Gruppo 7 Triad had actually paid value for the notes. 8 A. I don't recall doing that. I'm not saying 9 I didn't but I don't recall doing that. 10 Q. Yesterday you made reference to the person 11 who did the website for Skye Ventures but I don't 12 know that you mentioned that person's name. 13 A. I did, you asked me, his name was Eric 14 Jones. 15 Q. I'm sorry, Eric? 16 A. Jones. 17 Q. And this is somebody with whom you 18 contracted? 19 A. He agreed to do it and I agreed to give 20 him something for it, yes. If you're asking was 21 there a written contract, no. 22 Q. And is he still alive? 23 A. No, he died. 24 Q. That's what I thought. 25 Was there any other person or organization</p>	<p style="text-align: right;">Page 116</p> <p>1 you mentioned somebody named Pedro Wick. 2 A. Pedro Wick. 3 Q. How do you spell Wick? 4 A. I would guess W-i-c-k. 5 Q. And Pedro Wick was with you in Como at 6 least for the second day of meetings that you had; is 7 that correct? 8 A. He was in Pavanelli's -- the second part 9 of the first day where we met at Pavanelli's 10 apartment. 11 Q. Did he also participate the next day? 12 A. I don't think so. 13 Q. Who was he? 14 A. He was represented either by himself or by 15 Pavanelli, I think by himself, as an ex-USB 16 investment banker who was somehow getting associated 17 with Pavanelli. 18 Q. He was present for the period of time you 19 spent in Pavanelli's apartment, was that it? 20 A. I believe so. I believe he was there the 21 entire time. I'm not sure. 22 Q. What did he contribute to that meeting? 23 A. I don't know. I don't remember. I don't 24 think it was -- he said -- the only thing I really 25 remember him saying is that he would be working with</p>

<p style="text-align: right;">Page 117</p> <p>1 Gruppo, he would be helpful. I could feel free to 2 contact him. Something like that. 3 Q. Did you ever do that? 4 A. I don't remember doing that. He may have 5 facilitated the transfer of information once or 6 twice, but I don't remember that specifically. 7 Q. After the summer of 2004 did you ever have 8 anything to do with him again? 9 A. No. 10 Q. Do you know what country he was a citizen 11 of? 12 A. I think Switzerland. 13 Q. You mentioned that Usulli lives in the 14 Swiss Alps. Could you be more specific about where 15 he resides? 16 A. I know I have his address because I've 17 sent him a Christmas card but I don't remember it. 18 All those names are difficult. It's not like 19 Pittsburgh, it's da-da-da-da-da, so. 20 Q. Do you have his contact information in 21 your phone? 22 A. I could check. 23 Q. Please do. 24 A. I have to turn it on. 25 Q. You're allowed to do so.</p>	<p style="text-align: right;">Page 119</p> 
<p style="text-align: right;">Page 118</p> 	<p style="text-align: right;">Page 120</p> 

30 (Pages 117 to 120)

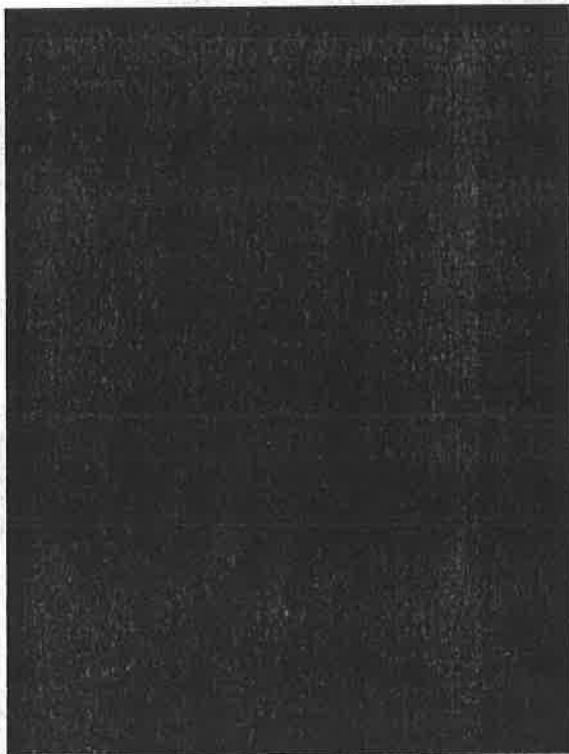
<p style="text-align: right;">Page 121</p> <p>1 say it's an agreement between the -- purports to be 2 an agreement between Skye Ventures and escrow agent. 3 I can read the whole thing. Doesn't look like I've 4 signed it, so I don't know what that means, to be 5 honest with you. 6 Q. Well, I was going to ask you about that. 7 Appears Mr. Schianchi signed this and you did not, 8 correct? 9 A. Well, this particular document is not 10 signed by me. I don't know if there is one signed by 11 me or not. And, in fact, I really don't know what 12 this is about till I read it. 13 MR. ELLIOTT: Just take a minute and let 14 him read it. 15 Q. Take as much time as you need. Got the 16 first page there. 17 A. Yeah, okay, I kind of remembered what was 18 going on then. 19 Q. What was going on? 20 A. What was going on in December of 2004 is 21 that we were, I think as we discussed before, we were 22 resuming efforts to sell 9/12 for Gruppo, or not 23 maybe sell it but do some sort of financing with 24 respect to it. 25 Q. And you had already obtained possession of</p>	<p style="text-align: right;">Page 123</p> <p>1 A. Okay. 2 Q. It says "Skye will invest \$50,000 in U.S. 3 dollars, pursuant to its agreement of October 6...." 4 Do you see that? 5 A. Yes. 6 Q. What agreement of October 6? 7 A. I don't know. 8 Q. And if you look at the back above the 9 second whereas clause has a recital that Skye 10 Ventures is the owner of notes 7/12 and 8/12, right? 11 A. Yes. 12 Q. Now, turn the page to the second page and 13 look at provision 1.2, it says Gruppo will 14 irrevocably transfer title and interest in the 15 Bandagro Notes 7/12 and 8/12 in the amount of 16 \$1 million. 17 Do you see that? 18 A. Yes. 19 Q. What does that mean? 20 A. Changing the waterfall another million in 21 my favor. 22 Q. To the best of your knowledge was this 23 agreement ever signed? 24 A. I don't have an independent recollection 25 of that but, you know, there should be a signed copy</p>
<p style="text-align: right;">Page 122</p> <p>1 No. 9/12 on December 1st of 2004, correct? 2 A. I think that's been mentioned before in 3 the deposition. So if there's a document -- so let 4 me ask it to you this way: I think so, I think 5 you're right. If there's a document that says 6 exactly when I got possession, I'd like to see it. 7 If you say it's December 1, I'll trust you. 8 Q. I don't want you to do that. You looked 9 already today and yesterday at your interrogatory 10 answers in this case. 11 A. So I said it was December 1? 12 Q. Yeah, you were the one that said it. 13 A. Okay. 14 Q. You want to check that yourself? 15 A. No, I trust you that you're not 16 misrepresenting. 17 Q. So does that help you understand better 18 what this document represents? 19 A. Well, I think it's just what I just said, 20 we were just trying to discuss whether I'd had the 21 note already or not. I apparently did. 22 Q. Okay. So who prepared this document? 23 A. Me probably. Almost certainly. 24 Q. I'll ask you to look down at the first 25 provision under Article I, Investment.</p>	<p style="text-align: right;">Page 124</p> <p>1 of it somewhere if it were. So. 2 So what was your question, was it signed 3 or not signed? 4 Q. Yes. It's been produced to us -- excuse 5 me. We've been doing a good job of not talking over 6 each other up till now. 7 This has been produced to us by your 8 lawyers in this case in this form, no signature from 9 you. This leads me to ask did you ever sign it? 10 A. I probably did. Almost for sure. 11 Q. All right. 12 A. Here it says MAT International was the 13 transfer, so it was MAT. 14 MR. ELLIOTT: No question pending. 15 Q. Let's mark Exhibit 19. 16 (RICHARDS/SKYE EXHIBIT 19 WAS MARKED.) 17 Q. Before we look at Exhibit 19 let me ask 18 you this question, when note 9/12 came into your 19 possession on December 1st of 2004, was that also 20 delivered by a MAT's guy? 21 A. I don't remember the circumstances under 22 which it was transferred. 23 Q. You don't have the same recollection of 24 the guy showing up with the handcuffs and the sealed 25 bags and the keys?</p>

<p style="text-align: right;">Page 125</p> <p>1 A. I don't.</p> <p>2 Q. All right, let me ask you to look at</p> <p>3 Exhibit 19. This one is signed by you and Pavanelli</p> <p>4 and Crabbe-Brown, it's a shorter agreement. Take a</p> <p>5 look at this and see if you recognize it.</p> <p>6 A. Yeah, it looks like an agreement and</p> <p>7 instructions to escrow agent signed by myself,</p> <p>8 Pavanelli, and Crabbe-Brown.</p> <p>9 Q. Take a look at the second paragraph here</p> <p>10 of Exhibit 19 under the heading Note 9/12. Do you</p> <p>11 see that?</p> <p>12 A. Yeah.</p> <p>13 Q. The first sentence says "Note 9/12 is</p> <p>14 fully and completely owned by Skye Ventures...."</p> <p>15 A. Yes.</p> <p>16 Q. That's Skye Ventures, LLC, the plaintiff</p> <p>17 in this case, right?</p> <p>18 A. Yes.</p> <p>19 Q. How and when did Skye Ventures come to own</p> <p>20 note 9/12?</p> <p>21 A. How and when. Well, I can see from this</p> <p>22 document that everyone's agreeing that as of the date</p> <p>23 of this document Skye owns the document -- Skye owns</p> <p>24 the note. And the date of this is June 5th. We've</p> <p>25 already discussed --</p>	<p style="text-align: right;">Page 127</p> <p>1 this was probably gratuitous in the sense we were</p> <p>2 sending the money really for the waterfall but we</p> <p>3 threw that in just to, you know, basically tell him</p> <p>4 stop saying the stuff, clarify it.</p> <p>5 Q. The last agreement we saw, the one that</p> <p>6 was not signed by you but which you think you signed,</p> <p>7 which was Exhibit 18, had Gruppo Triad still owning</p> <p>8 note 9/12, right?</p> <p>9 A. No, I don't think that's right but I could</p> <p>10 be wrong.</p> <p>11 Q. Well, turn back to Exhibit 18.</p> <p>12 A. Okay.</p> <p>13 Q. And look at paragraph 2.2. You see that</p> <p>14 paragraph?</p> <p>15 A. Yes.</p> <p>16 Q. It says "Skye Ventures and Ambient Capital</p> <p>17 will resume reasonable efforts to sell all or a part</p> <p>18 of note 9/12 as agents for Gruppo Triad..." right?</p> <p>19 A. Yes.</p> <p>20 Q. Doesn't that indicate that Gruppo Triad as</p> <p>21 of that time was the owner?</p> <p>22 A. Yes.</p> <p>23 Q. So how is it between the time that</p> <p>24 Exhibit 18 was in circulation the middle of the</p> <p>25 summer 2004, and the time of Exhibit 19, June 16th,</p>
<p style="text-align: right;">Page 126</p> <p>1 Q. It's June 16th, just to be clear.</p> <p>2 A. What is it, 6/16/05, is that how you</p> <p>3 interpret that? June 6 or May 6?</p> <p>4 Q. I interpret it as June 16, '05, and I</p> <p>5 don't think it's much room for interpretation. You</p> <p>6 agree with me about that?</p> <p>7 A. It seems like that.</p> <p>8 Q. Just look at the last page also on the</p> <p>9 Pavanelli signature line in addition to the fax</p> <p>10 legend.</p> <p>11 A. Yeah, gotcha, 06/16/05. So I received</p> <p>12 possession of the note December 1st. This is a</p> <p>13 document from June saying that the note is fully</p> <p>14 owned by me free of any contractual relations.</p> <p>15 So if you ask me when I owned the note, I</p> <p>16 would tell you December 1st I was the bearer of the</p> <p>17 note and that would be my recollection. As to why</p> <p>18 this was in this agreement, I can -- I have a</p> <p>19 speculation but I can only speculate.</p> <p>20 Q. And what is that speculation?</p> <p>21 A. My speculation is that there was this back</p> <p>22 and forth that was constant with Pavanelli and he may</p> <p>23 have made some statements about oh, you still --</p> <p>24 there are still restrictions on the note, you can't</p> <p>25 do this, you can't do this, and that this was a --</p>	<p style="text-align: right;">Page 128</p> <p>1 '05, that Skye Ventures came to be the full and</p> <p>2 complete owner of note 9/12?</p> <p>3 A. There was either an intervening agreement</p> <p>4 between the one that we looked at and this agreement</p> <p>5 or there were discussions surrounding that hey, I</p> <p>6 want to be the owner, acknowledge we're the owner.</p> <p>7 My sense is there must have been some</p> <p>8 other agreement between the one that we looked at on</p> <p>9 Exhibit 18 and this.</p> <p>10 Q. Well, I'm going to represent to you to the</p> <p>11 best of my current knowledge that your counsel has</p> <p>12 not produced any such intervening agreement.</p> <p>13 A. I gave him all agreements I had.</p> <p>14 Q. So if you assume I'm correct in what I'm</p> <p>15 representing to you, how is it that Skye Ventures</p> <p>16 came to become the owner of note 9/12 prior to</p> <p>17 June 16, '05?</p> <p>18 A. Just looking at these two documents it's</p> <p>19 difficult for me to remember how that occurred.</p> <p>20 Q. With regard to the contractual</p> <p>21 restrictions -- you anticipated a question I was</p> <p>22 going to ask but let's just make sure I ask it, since</p> <p>23 you answered it without a question in a way.</p> <p>24 I was going to ask what contractual</p> <p>25 restrictions were being removed?</p>

<p style="text-align: right;">Page 129</p> <p>1 A. Yeah, I'm not supposed to do that so I 2 tried to stop it. But again, without knowing what 3 they were, it's difficult to tell me -- tell you what 4 were removed. But my sense is it was just to give me 5 more freedom to do what we had to do with note 9/12. 6 Q. And this same paragraph goes on to say "In 7 the event of a payment on note 9/12 by Venezuela, 8 Escrow Agent," that's Crabbe, Brown & James, "will 9 distribute \$5 million to Gruppo Triad plus any 10 interest due under the promissory note executed by 11 Skye Ventures II to Gruppo Triad." 12 You see that? 13 A. Yes. 14 Q. First of all, why is \$5 million being 15 distributed to Gruppo Triad? 16 A. Apparently that was the agreement. 17 Q. In consideration of what? 18 A. I can only imagine that it was in 19 connection with Skye II acquiring ownership. 20 Q. And this makes reference to a promissory 21 note executed by Skye Ventures II to Gruppo Triad. 22 Was there such a promissory note executed prior to 23 June 16th of 2005? 24 A. This certainly makes it look like there 25 was.</p>	<p style="text-align: right;">Page 131</p> <p>1 Q. How much? 2 A. I don't know. 3 Q. Take a look at the fourth modification or 4 the fourth provision of the waterfall as it's 5 modified here in Exhibit 19. And this introduces two 6 new players, Jay Ramsey and Ray Henehan. Do you see 7 that? 8 A. Yes. 9 Q. Who are they? 10 A. Ray Henehan was a lawyer in Chicago and 11 Jay Ramsey owned a business in Chicago. 12 Q. Why is it that on June 16, 2005, they were 13 each being granted contingent waterfall interests of 14 \$500,000? 15 A. Well, that represents an investment they 16 had made in Gruppo Triad where they achieved -- I've 17 never seen the adjustment documents, but where they 18 acquired an interest like I had previous a deed of 19 trust or security type interest in the million 20 dollars of Gruppo notes. 21 Q. How do you know that? 22 A. Because they told me so. 23 Q. When did you first come into contact with 24 either/or both of those two individuals? 25 A. Well, obviously it was before May 6th of</p>
<p style="text-align: right;">Page 130</p> <p>1 Q. With that I would agree. But did it 2 happen? 3 A. Trying to think. I had not really thought 4 much about 9/12, as I said before. There are a lot 5 of things running through my head that I haven't 6 had -- some mishmash of recollections about how a 7 definition of the note that I haven't had a chance to 8 think through and resolve. 9 Q. This is my only chance for the time being 10 to ask you about it. 11 A. I hadn't thought about this timeframe in 12 9/12. So I can sort of guess at what happened. 13 MR. ELLIOTT: Well, don't guess. 14 A. If I had a chance to maybe look at some 15 documents and think it through, I could come up with 16 a rational sort of timeline as to what led to this. 17 Q. I'm showing you the documents. 18 MR. ELLIOTT: What's the question? 19 A. So from looking at this the answer is no, 20 I can't remember. 21 Q. Let me ask you to look at this 22 modification of the waterfall that's embedded here 23 within Exhibit 19. Why was the waterfall modified on 24 June 16, '05? 25 A. No doubt we sent some money to them.</p>	<p style="text-align: right;">Page 132</p> <p>1 2005. 2 Q. How about June 16th of 2005? 3 A. I'm sorry, it's hard for me to get used to 4 this reversed date. So, yes, before June 16, 2005. 5 And certainly after the -- I think it was after the 6 previous, whatever the previous waterfall draft was, 7 this is the one that's the first one. 8 And I actually forget how they came into 9 contact with me. But it was an introduction by 10 somebody that I knew in Chicago. One of my Chicago 11 investors. 12 Q. Did you introduce Ramsey and Henehan to 13 Pavanelli? 14 A. No. This investment they had made 15 predated my investment. It was independent of my 16 investment. Predated then but it was independent of 17 my investment. 18 Q. How did you learn that those two 19 individuals had invested in Gruppo Triad? 20 A. I think I just said that I don't really 21 remember but I think it was through one of my Chicago 22 investor who knew them. And somehow in conversation 23 it had come up. 24 Q. Which one of your Chicago investors? 25 A. I think it was Michael McGee.</p>

David J. Richards - 30(b)6

Page 133



Page 135

1 some time and then did later bring suit.
 2 Q. And you have no explanation for why you
 3 didn't?
 4 A. No. Just that we didn't.
 5 Q. While Mr. Baldwin is looking for a
 6 document, let me ask you another question. At any
 7 point did Pavanelli ever assert that Schianchi lacked
 8 authority to sign any of the agreements that
 9 Schianchi signed on behalf of Gruppo Triad with Skye
 10 Ventures?
 11 A. It's possible that he -- he also said --
 12 he said all kind of things that were crazy. That
 13 were not crazy but not true. He possibly said that,
 14 I don't remember that. He may have said it though.
 15 Sounds like something he could have said in order to
 16 get additional funding.
 17 Q. Let's mark the next exhibit.
 18 (RICHARDS/SKYE EXHIBIT 20 WAS MARKED.)
 19 Q. I'm showing you Exhibit 20, Mr. Richards.
 20 I'd ask you to take a look at that and let me know if
 21 you recognize it.
 22 A. It's an agreement regarding -- calls
 23 itself an Agreement regarding Note 9/12.
 24 Q. And this one's signed by all the parties,
 25 correct?

Page 134

1 Tuesday Afternoon Session.
 2 December 23, 2014.
 3 --|--
 4 VIDEOGRAPHER: On the record 1:20.
 5 --|--
 6 DAVID J. RICHARDS
 7 CONTINUED CROSS-EXAMINATION
 8 BY MR. SCHWARTZ
 9 Q. Mr. Richards, why has no suit been brought
 10 by Skye Ventures or Skye Ventures II on note 9/12?
 11 A. Well, I think it would have been a
 12 different answer at different times. I don't think
 13 we could have brought suit till a certain point of
 14 time. And I don't know why we didn't pursue it, we
 15 just never did.
 16 Q. When you say you couldn't have brought
 17 suit until a certain point in time, what do you mean
 18 by that?
 19 A. Well, I would have said that I wanted to
 20 have legal, whatever rights required for legal
 21 ownership, so I think with the documents that we just
 22 went through I didn't become legal owner till
 23 sometime in 2005 most likely. So that would have
 24 been the first thing.
 25 But I obviously did become legal owner at

Page 136

1 A. Yep.
 2 Q. On June 13th of 2006 it appears; is that
 3 right? Did I say '06? Let's back up a second.
 4 The fax legend makes it look like it's
 5 '05. I'm sorry, my mistake. Let me start over.
 6 Yeah. The attachments are a different
 7 date. Okay. Let me regroup and start over because
 8 there's two different documents comprised within
 9 Exhibit 20, they have different dates.
 10 So let's just start with the base document
 11 which is the first three pages of Exhibit 20. Does
 12 that look like an agreement regarding Bandagro note
 13 9/12 entered into between Gruppo Triad, Schianchi,
 14 and you?
 15 A. Let me -- just give me a second to skim
 16 through this quickly.
 17 Okay, I've seen that and I've kind of
 18 glanced through the attachments, and you're asking me
 19 to look at the first three pages, right?
 20 Q. Yes. You can look through as much of this
 21 as you like but I'm going to start by asking you
 22 about the first three pages and I will have questions
 23 about the remainder of the document.
 24 A. Yes, okay, I've got it now.
 25 Q. All right, so the first three pages are an

34 (Pages 133 to 136)

<p style="text-align: right;">Page 137</p> <p>1 agreement entered into between Gruppo Triad, 2 Schianchi, and you personally, and it appears to have 3 been signed on or around June 13th of 2006, 4 correct? 5 A. I don't know if it was me personally or me 6 on behalf of Skye, but this is an agreement where 7 there's some writing here at the bottom. The only 8 date I see, correct me if you want to point me to 9 something else, the only writing I see that has a 10 date is this, there's a very light legend that I 11 can't really read, to be honest with you, that looks 12 like something in 2006. 13 Q. Doesn't it look like the 13th of 14 June 2006? 15 A. To me it looked like -- the one I have 16 looks like 00. Which obviously is not a date, so. 17 13. Looks like 13, the one in the middle looks like 18 EC, and then 2006. But I don't want -- not to 19 quibble, but. That's the only thing I see that has a 20 date on it. If there's something else. 21 Q. Do you recall entering into an agreement 22 regarding Bandagro note 9/12 in the middle of 2006? 23 A. I recall generally, yeah, I do. 24 Q. And if you look at the last whereas clause 25 on the first page of this agreement that says that</p>	<p style="text-align: right;">Page 139</p> <p>1 Bates Stamp pages 5940 through 5943, correct? 2 A. Yes, appears that way. 3 Q. And you can see your signature on page 4 5943 dated June 18th of '05? 5 A. Dated what? 6 Q. June 18, 2005. 7 A. Looks like June 16 to me, but it's dated 8 like that. 9 Q. You're looking at page 5943? 10 A. Oh, no, I'm sorry, I was looking at 5947. 11 Yeah, June 18, 2005. 12 Q. And if you look at the agreement that runs 13 from pages 5940 through 5943, it appears that this 14 agreement contemplates that Skye II is going to be 15 executing a promissory note in connection with the 16 agreement, correct? 17 A. 5944 you're talking -- I'm sorry. 5940 18 what? 19 Q. I'm looking at the entire agreement that 20 runs from 5940 to 5943. 21 A. Okay. 22 Q. And starting with the whereas clause, the 23 last one that says Skye II desires to 24 contemporaneously execute a promissory note, and the 25 next whereas, Gruppo wishes to accept the obligation</p>
<p style="text-align: right;">Page 138</p> <p>1 Skye is the legal holder and owner of notes 7/12, 2 8/12, and 9/12. 3 A. Yes. 4 Q. Was that the then-current state of 5 affairs? 6 A. It must have been. Although I would hate 7 to hang my hat on just this one clause. It could 8 have been inaccurate. But that's what it says. 9 Q. And that's what you signed. 10 A. I think we've established that I signed 11 this, yes. 12 Q. And if you look at III on the first page 13 of this three-page agreement, it lists five 14 categories of documents only four of which are 15 populated, right? 16 A. Yes. 17 Q. And one is a Schianchi power of attorney, 18 correct? 19 A. Yes. 20 Q. And that's page 5938. 21 A. Yes. 22 Q. Then it lists under No. 2 the purchase 23 agreement for note 9/12, right? 24 A. Yes. 25 Q. And that must be the document with the</p>	<p style="text-align: right;">Page 140</p> <p>1 from Skye II, this agreement contemplates that 2 Skye II is going to be executing a promissory note in 3 favor of Gruppo Triad, right? 4 A. Yes. 5 Q. Why? 6 A. Well, I'm sure it's explained in the 7 agreement. 8 Q. See if you can figure out from the 9 agreement or from your recollection why that's the 10 case. 11 A. Well, it appears by the terms of the 12 document that a promissory note is given and received 13 by Gruppo and Gruppo is removing certain contractual 14 restrictions on Skye's ownership. So the exchange, 15 it looks to me like the exchange was restrictions on 16 note 9/12 in turn for a promise to pay on a 17 nonrecourse promissory note. I think that's the gist 18 of the transaction. Unless I'm missing something. 19 Q. So it's a nonrecourse promissory note from 20 Skye Ventures II which you see at pages 5944 through 21 5947, correct? 22 A. Yes. 23 Q. And in exchange for Skye II agreeing to 24 this promissory note, restrictions are being lifted 25 on Skye I's ownership, or let's call it Skye</p>

<p style="text-align: right;">Page 141</p> <p>1 Ventures' ownership of note 9/12?</p> <p>2 A. No, no, I think that's just a misprint.</p> <p>3 It's all Skye II till this point, so. It's clearly</p> <p>4 Skye II acquired the note in 2004, not Skye.</p> <p>5 Q. So this agreement is mistaken?</p> <p>6 A. I think it should have "Skye II" in there</p> <p>7 where you just read -- not just "Skye." It's</p> <p>8 omitting the "II" there.</p> <p>9 Q. Let's double back here for a second</p> <p>10 because there's a few places in which these documents</p> <p>11 that have been marked collectively as Exhibit 20 say</p> <p>12 it's Skye I that is the owner of 9/12. So if you</p> <p>13 look at page 5935, the last whereas clause, right?</p> <p>14 A. 529?</p> <p>15 Q. 5935, the first page of the exhibit. Last</p> <p>16 whereas clause, Skye, for adequate and valid</p> <p>17 consideration, is the legal holder and owner of 7/12,</p> <p>18 8/12, and 9/12, right?</p> <p>19 A. Yes.</p> <p>20 Q. Now you turn to page 5940, the so-called</p> <p>21 purchase agreement for note 9/12?</p> <p>22 A. It's called Agreement.</p> <p>23 Q. I understand. But it's characterized on</p> <p>24 page 5935 under No. 2 as the purchase agreement for</p> <p>25 note 9/12, right?</p>	<p style="text-align: right;">Page 143</p> <p>1 Skye Ventures, acquired the status of bearer and</p> <p>2 owner of note 9/12 in 2004, right?</p> <p>3 A. Yes. And that's a misprint, just so you</p> <p>4 know.</p> <p>5 Q. All right, that's a mistake?</p> <p>6 A. That's a mistake.</p> <p>7 Q. And is it also a mistake in the -- one,</p> <p>8 two, three, four, fifth -- sixth whereas clause on</p> <p>9 page 5940 where it says substantially the same thing?</p> <p>10 A. Yes; it's Skye II. It's inconsistent.</p> <p>11 Says Skye II and Skye at various places. But it's</p> <p>12 clear that Skye II was the holder in 2004.</p> <p>13 Q. All right.</p> <p>14 A. No doubt.</p> <p>15 Q. Just so we're clear, your testimony is</p> <p>16 that there are at least three mistakes within</p> <p>17 Exhibit 20 which say that the owner of 9/12 was Skye</p> <p>18 which you're now saying should have said Skye II.</p> <p>19 A. So I would say -- no, that's not what I'd</p> <p>20 say. I would say that it's beyond clear that in the</p> <p>21 document that starts at page 5940 that in December --</p> <p>22 which refers to acquisition of the note in 2004 that</p> <p>23 Skye II was the acquirer of the note in 2004 and</p> <p>24 thus --</p> <p>25 Q. Excuse me for a second. Where do you see</p>
<p style="text-align: right;">Page 142</p> <p>1 A. Point me to where it says that.</p> <p>2 Q. Page 59345, III, item 2.</p> <p>3 A. Yes. Small "p," small "a" maybe. But</p> <p>4 it's called agreement.</p> <p>5 Q. So that's two places already on page 5935</p> <p>6 where the document identifies Skye Ventures as the</p> <p>7 owner of note 9/12, right?</p> <p>8 A. Two places?</p> <p>9 Q. Yes, the last whereas clause and</p> <p>10 section 3.2.</p> <p>11 A. Well, these are completely different</p> <p>12 documents. So one is 2005 --</p> <p>13 Q. Slow down just a second.</p> <p>14 MR. ELLIOTT: Let him finish.</p> <p>15 A. One is in 2005 and one is in 2006.</p> <p>16 Q. I understand. The document in 2006 says</p> <p>17 in the last whereas clause that the owner of note</p> <p>18 9/12 is Skye Ventures, right? We've covered that.</p> <p>19 A. Yes. Last whereas clause.</p> <p>20 Q. Now flip to page 5940.</p> <p>21 A. Yes.</p> <p>22 Q. This is an agreement from a year earlier</p> <p>23 almost to the day.</p> <p>24 A. Correct.</p> <p>25 Q. And it says in article 1.1 Skye, that's</p>	<p style="text-align: right;">Page 144</p> <p>1 that? Doesn't it say exactly the opposite twice?</p> <p>2 A. Well, okay, maybe I should be read back if</p> <p>3 I said it wrong, but it's clear that Skye II became</p> <p>4 the owner of the note and received possession of the</p> <p>5 note in 2004. So that's a hundred percent clear.</p> <p>6 Q. From what?</p> <p>7 A. From the documents we went through</p> <p>8 earlier.</p> <p>9 Q. Which ones?</p> <p>10 A. We've gone through this whole thing over</p> <p>11 Skye II and so my testimony is that Skye II was the</p> <p>12 owner of the note and that this is a misprint.</p> <p>13 Q. That may be your testimony but we haven't</p> <p>14 seen any documents so far that says anything remotely</p> <p>15 like that.</p> <p>16 A. I think we have.</p> <p>17 Q. Which one?</p> <p>18 A. Well --</p> <p>19 MR. ELLIOTT: Let him look.</p> <p>20 A. You want me to go through the exhibits?</p> <p>21 Q. You tell me which one says that Skye II</p> <p>22 acquired the ownership.</p> <p>23 A. I think my belief is that we went through</p> <p>24 a document earlier on that you handed me that talked</p> <p>25 about the receipt of the notes and there was an</p>

<p style="text-align: right;">Page 145</p> <p>1 agreement, I don't know if you marked it or not, but</p> <p>2 I assume you did.</p> <p>3 Q. Any document I've shown you I've marked.</p> <p>4 A. Okay, so there was an agreement in</p> <p>5 December of 2004 related to this, was there not?</p> <p>6 Q. You tell me. You were there,</p> <p>7 Mr. Richards.</p> <p>8 MR. ELLIOTT: How about Exhibit 19.</p> <p>9 MR. SCHWARTZ: Exhibit 19? This is the</p> <p>10 one that says in this first full paragraph under Note</p> <p>11 9/12 that note 9/12 is fully and completely owned by</p> <p>12 Skye Ventures. That seems to be inconsistent with</p> <p>13 what Mr. Richards is now saying. That's yet another</p> <p>14 mistake I suppose.</p> <p>15 Q. Look at Exhibit -- Mr. Elliott wants you</p> <p>16 to look at Exhibit 19, let's do that. You have 19 in</p> <p>17 front of you?</p> <p>18 A. Yes.</p> <p>19 Q. All right. There's a section at the top</p> <p>20 of the first page, Note 9/12, right?</p> <p>21 A. Yes.</p> <p>22 Q. It says quote "Note 9/12 is fully and</p> <p>23 completely owned by Skye Ventures...." Correct?</p> <p>24 A. Yep.</p> <p>25 Q. Have I read that correctly?</p>	<p style="text-align: right;">Page 147</p> <p>1 documents said, that would be a coincident hard to</p> <p>2 explain.</p> <p>3 Q. I agree. But at least in Exhibits 19</p> <p>4 and 20 that seems to be what happened, right?</p> <p>5 A. Yes. It doesn't say -- doesn't have the</p> <p>6 "II" in there, it just says Skye.</p> <p>7 Q. And there are other respects in Exhibit 20</p> <p>8 where Skye II is mentioned, right?</p> <p>9 A. Yes.</p> <p>10 Q. Are you aware of any document that you can</p> <p>11 identify where prior to June of 2006 title to note</p> <p>12 9/12 passed between Skye Ventures and Skye</p> <p>13 Ventures II in either direction?</p> <p>14 A. So I said when you started questioning me</p> <p>15 about 9/12 earlier what I said was I hadn't focused</p> <p>16 on 9/12 and I don't recall seeing many things about</p> <p>17 it. So the answer is I don't recall seeing such</p> <p>18 documents. There may be some. I don't know. Or I</p> <p>19 could have it wrong, it's possible.</p> <p>20 Q. Let me ask you to look at the promissory</p> <p>21 note that's contained within Exhibit 20. If you look</p> <p>22 under II, interest rate and payments, we have the</p> <p>23 payment terms of this promissory note from Skye</p> <p>24 Ventures II to Gruppo Triad. The payments are due to</p> <p>25 Gruppo Triad, right? Is that how this note was</p>
<p style="text-align: right;">Page 146</p> <p>1 A. Yep.</p> <p>2 Q. Okay, that's June 16th of 2005, right?</p> <p>3 A. Yes.</p> <p>4 Q. Is that true at the time?</p> <p>5 A. My belief is that that is a typographical</p> <p>6 error.</p> <p>7 Q. Okay. So now let's go back to Exhibit 20.</p> <p>8 In the last whereas clause on page 5935 it says that</p> <p>9 Skye Ventures is the legal holder and owner of note</p> <p>10 9/12, right?</p> <p>11 A. Yeah. I would fully acknowledge that it</p> <p>12 was possible at that time that Skye had become the</p> <p>13 owner.</p> <p>14 Q. Okay, I'm trying to get a straight story</p> <p>15 from you, Mr. Richards.</p> <p>16 MR. ELLIOTT: Objection. Let's get a</p> <p>17 question.</p> <p>18 Q. I'm simply trying to find out who owned</p> <p>19 what at what time. All these documents we're looking</p> <p>20 at, Exhibit 19 and Exhibit 20, repeatedly say that in</p> <p>21 2004 and 2005 the owner of note 9/12 was Skye</p> <p>22 Ventures, correct? That's what these documents say.</p> <p>23 A. We've excited -- we've kind of looked at</p> <p>24 three or four examples that says that right now. I'm</p> <p>25 not sure -- I'd be surprised if that's what all the</p>	<p style="text-align: right;">Page 148</p> <p>1 supposed to work?</p> <p>2 A. Just give me one second, please.</p> <p>3 I'm sorry, your question again, please?</p> <p>4 Q. The way this promissory note was set up</p> <p>5 in II, entitled Interest Rate and Payments, the</p> <p>6 payments were going to be made with Skye Ventures II</p> <p>7 to Gruppo Triad, right?</p> <p>8 A. Yes.</p> <p>9 Q. And provision 2.1 said the payment of the</p> <p>10 note shall be five years after the execution, right?</p> <p>11 A. I don't see where you're saying that.</p> <p>12 Q. Page 5945, 2.1, "Payment of note shall be</p> <p>13 on the day which is five years after the execution of</p> <p>14 this promissory note is completed by all parties."</p> <p>15 Do you see that?</p> <p>16 A. Yes.</p> <p>17 Q. So it's a five-year note.</p> <p>18 A. Yes.</p> <p>19 Q. 2.2 says the initial interest rate for</p> <p>20 year one will be \$250,000. Do you see that?</p> <p>21 A. Yes.</p> <p>22 Q. Did Skye Ventures II ever pay the \$250,000</p> <p>23 interest payment for the first year to Gruppo Triad?</p> <p>24 A. I don't remember.</p> <p>25 Q. The next paragraph, 2.3, says thereafter</p>

<p style="text-align: right;">Page 149</p> <p>1 interest will be 4 percent payable semi-annually in 2 arrears. Did Skye Ventures II ever make those 3 semi-annual 4 percent interest payment in arrears to 4 Gruppo Triad? 5 A. I don't remember. 6 Q. After the note purchase agreement for 7/12 7 and 8/2 -- strike that question. 8 Let's look at 2.5 of the same section of 9 this Exhibit No. 20. It says Skye II at its sole 10 option and if Skye II is current with all interest 11 payments has the right to extend this note for an 12 additional five-year term. Did that ever happen? 13 A. I don't remember. 14 Q. If you look at section 3.9 on page 5946, 15 this promissory note under representations and 16 warranties of Pavanelli and Gruppo Triad, III, has a 17 provision that says in 3.9, "Gruppo Triad obtained 18 the Bandagro Notes by paying good and valuable and 19 significant consideration, worth in excess of 20 \$100 million." 21 Do you see that? 22 A. It's one of a bunch of reps and warranties 23 that we stuck in there. And it's, yes, I see that, 24 yes. 25 Q. Why did you stick that in there at this</p>	<p style="text-align: right;">Page 151</p> <p>1 A. Might be because that was alleged by 2 Venezuela's counsel at the time and we had not 3 focused on that before. Might be in previous 4 agreements and be a throw-in from that or it might be 5 something that we added in because of allegation by 6 Venezuela. 7 Q. As of the time that you prepared this 8 promissory note sometime around June 16th of 2005, 9 were you concerned that Pavanelli or Gruppo Triad had 10 engaged in or participated in or caused an illegal or 11 fraudulent or dishonest activity? 12 A. No. 13 Q. Let me ask you to turn back to page 5941, 14 that's the identical form of warranty and 15 representation type section, this time in the actual 16 agreement as opposed to the attached promissory note. 17 You see the warranties and representations in 3.9 and 18 30.10? 19 A. Yes. 20 Q. Those are the same ones we just covered in 21 the promissory note, correct? 22 A. Well, I can compare them, if you would 23 like me to, but. 24 Q. Aren't they substantially if not verbatim 25 the same?</p>
<p style="text-align: right;">Page 150</p> <p>1 point? 2 A. Well, it was not anything particular to 3 this but we stuck just a bunch of things in there for 4 him to rep and warranty. 5 Q. And why did you want him to rep and 6 warranty that Gruppo Triad had paid good and valuable 7 significant consideration worth in excess of 8 \$100 million to obtain the Bandagro notes? 9 A. Well, if you read through the 3.1 through 10 3.11, it's kind of just a repetition of everything 11 that had happened. So we probably threw it in there 12 for that reason. 13 Q. Did you draft this promissory note and 14 agreement that starts on page 5944? 15 A. I think I did. 16 Q. And take a look at section 3.10, it's 17 another warranty and representation by Gruppo Triad 18 and Pavanelli that states "Filed claim with Venezuela 19 through its duly hired representative Jacir and did 20 not engage in nor participate in nor cause any 21 illegal, or fraudulent or dishonest activity during 22 claim." 23 Do you see that, that language? 24 A. Yeah. 25 Q. Why did you throw that in there?</p>	<p style="text-align: right;">Page 152</p> <p>1 A. Just let me see how many of them there are 2 in comparison. 3 Q. I'm focused on 3.9 and 3.10. 4 A. And there's 12 of them here and there's 11 5 of them there, so there's some difference. 6 Q. Aren't 3.9 and 3.10 identical or virtually 7 identical -- 8 MR. ELLIOTT: Go ahead and compare them. 9 Q. -- to the ones that are in the promissory 10 note? 11 A. 3.9 is the same essentially. And 3.10 is 12 essentially the same. 13 Q. Had you previously included any such 14 warranty or representation such as the ones we just 15 looked at in 3.9 and 3.10 in any prior agreement 16 between Skye or Skye II and Gruppo Triad or 17 Pavanelli? 18 A. Well, we would have -- we've gone over the 19 agreements so, you know, I could go through them 20 again, if you like. I don't recall exactly. 21 Q. Let's mark Exhibit 21. 22 (RICHARDS/SKYE EXHIBIT 21 WAS MARKED.) 23 Q. Mr. Richards, I'm showing you Exhibit 21. 24 This is a somewhat lengthy document. It's entitled 25 Amended Bandagro Notes Agreement. Please take a</p>

<p style="text-align: right;">Page 153</p> <p>1 moment and look through it as much as you think is 2 necessary. I see it's got some attachments, and then 3 let me know when you're ready to field some questions 4 about this one. 5 A. Okay. Looked just to see what it was. So 6 as looking at this I can certainly see there is an 7 agreement we entered into with Gruppo. 8 Q. And it's an agreement that's dated 9 January 1st, New Year's Day, 2010. Correct? 10 A. Yes. 11 Q. Although if you look at the signature page 12 on page 4479, it appears that at least certain of the 13 signatories were signing this document on 14 November 9th of 2009. If you look at pages 4479 15 and 4480 you see the indication that at least certain 16 signatories appear to have signed on November 9, 17 2009? 18 A. Yes. 19 Q. And you signed this document on page 4480 20 on behalf of Skye Ventures. 21 A. I did. 22 Q. And although the agreement was set up for 23 you to be a participant individually, you appear not 24 to have signed it in your individual capacity, 25 correct?</p>	<p style="text-align: right;">Page 155</p> <p>1 correct? 2 A. Yep. 3 Q. Here again we have a document this time 4 effective January 1, 2010, four years later or in the 5 fourth year later or the beginning of the fourth year 6 after the 2006 document we looked at which was 7 Exhibit 20, and this one is still saying that Skye 8 Ventures is the owner of 9/12, correct? 9 A. Well, maybe you've misunderstood what I 10 said earlier. I think I said I was willing to 11 concede that Skye was the owner of the first 12 agreement of Exhibit 20. So if that were true, 13 certainly it would still be true in 2010. 14 Q. What was the purpose of this agreement? 15 A. Well, I think it's whatever is in there is 16 the purpose of it. We were achieving what's ever in 17 there. 18 Q. Do you have a recollection of without 19 reading this what the purpose of this agreement was? 20 A. Well, it looks like it had a number of 21 purposes, just going through it quickly. 22 Q. This document was granting some additional 23 rights to Skye Ventures in relation to Gruppo Triad, 24 correct? 25 A. Are you referring to anything specific I</p>
<p style="text-align: right;">Page 154</p> <p>1 A. This one does not contain a signature of 2 mine individually. 3 Q. Who prepared this agreement? 4 A. I don't know, to be honest with you. It 5 certainly looks like I had some help here. 6 Q. Why do you say that? 7 A. Well, just that the -- if you look at 8 just -- without actually reading it, which I haven't 9 done, if you look at just kind of the way it's laid 10 out and the fonts and the length of it and things 11 like "the remainder of page intentionally left 12 blank," just sort of the whole structure of the 13 agreement looks like it is beyond what I would have 14 had patience to do myself. 15 Q. All right. Look at recital D on the first 16 page. Are you with me? 17 A. Yep. 18 Q. It says "Skye is the owner of certain zero 19 coupon, bearer Bandagro promissory notes denominated 20 as ICC 7/12, 8/12, and 9/12...." 21 You see that? 22 A. Yes. 23 Q. And if you skip down one, two, three, four 24 lines, it says Skye owns those notes free and clear 25 of any liens which are claims, liens, or encumbrances</p>	<p style="text-align: right;">Page 156</p> <p>1 should look at? 2 Q. Let's, for example, look at section 4.7. 3 4.7 reads "Gruppo has granted, and hereby grants, 4 Skye a lien and security interest in the Gruppo Notes 5 and any other Bandagro notes in its possession in 6 order to secure all payment obligations owed to Skye 7 set forth herein and in the Escrow Agreement." 8 Do you see that? 9 A. Yes. 10 Q. And then Gruppo authorized Skye to file 11 and perfect its lien on the Gruppo notes in 12 Switzerland and anywhere else. Do you see that? 13 A. Yes. 14 Q. And are those rights that Skye had 15 vis-à-vis Gruppo prior to January 1st, 2010? 16 A. I don't think so. I'm not sure but I 17 don't think so. 18 Q. And did Skye go ahead and do anything to 19 file to perfect this lien on the so-called Gruppo 20 notes in Switzerland or anywhere else on or after 21 January 1, 2010? 22 A. This, incidentally, this paragraph's 23 another paragraph that makes me almost certain that I 24 didn't write this agreement because it's not the kind 25 of sort of direct language that I would have used.</p>

<p style="text-align: right;">Page 157</p> <p>1 But to answer your question, did we ever 2 file to perfect the liens, no, we did not. We had 3 the right to do it anytime. 4 Q. And this was giving you a right to take a 5 lien not in notes 7/12, 8/12, or 9/12 that Skye 6 Ventures already owned but in all the other so-called 7 ICC Bandagro notes that Gruppo Triad claimed to own, 8 correct? 9 A. I think this, as I understand it, this 10 gave us the lien. We had the lien. The question of 11 perfecting it against third-party purchasers would 12 have required a filing that we didn't -- I don't 13 think we made. 14 Q. But this lien that you're talking about, 15 this was against all the other Bandagro notes that 16 Gruppo allegedly held, correct? 17 A. Yes. 18 Q. And those are set forth on this Exhibit A 19 which is referenced in recital C, right? 20 A. I'm sorry, say that again. 21 Q. Look at recital C. It identifies the 22 Gruppo notes, correct? You see recital C 23 definitionally identifies the Gruppo notes and then 24 turn to 3481, that's Exhibit A, right? 25 A. Yes.</p>	<p style="text-align: right;">Page 159</p> <p>1 If my belief that Skye II became the owner 2 of the notes in December of 2004 is correct, there's 3 those statements -- those saying Skye instead of 4 Skye II is inconsistent with that. 5 Q. In the meantime the rights that you were 6 getting, that Skye Ventures was getting in Exhibit 21 7 extended beyond notes 7/12, 8/12, and 9/12 to all 8 these other ones, these purported notes listed on 9 Exhibit A, correct? 10 A. Yes, correct. 11 Q. Let me ask you to turn to section 5.9 on 12 page Bates Stamp 4474 of Exhibit 21. 13 A. Yes. 14 Q. You on that page? 15 A. Yes. 16 Q. 5.9 again is in the section of the 17 agreement that contains warranties and 18 representations. This one is entitled, on page 4473, 19 section 5, Reacknowledgment and Reaffirmation of 20 Prior Representations. Do you see that? 21 A. Yes. 22 Q. And then it has Gruppo reacknowledging, 23 reaffirming, representing, and warranting various 24 things, right? 25 A. Yep.</p>
<p style="text-align: right;">Page 158</p> <p>1 Q. And then there's a long list of these 2 supposed Gruppo notes, right? 3 A. There's a long list, there's a page of 4 notes which is Exhibit A, lists numbers on the notes. 5 Q. If you look at the series of ICC 322 6 Caroni, you'll see that 7, 8, and 9/12 are not 7 listed, right? 8 A. That's right. 9 Q. That's because those are the ones that 10 were owned by Skye Ventures at this time, right? 11 A. Well, I assume that's right, yes. We've 12 had this back and forth about Skye II or Skye I 13 owning the notes and I would concede that it's pretty 14 clear maybe as early as 2006 that Skye became the 15 owner of note 9/12. There's also -- 16 Q. And that's certainly what the documents 17 say, correct? 18 A. I'm sorry? 19 Q. That's certainly what the documents say, 20 correct? 21 A. Well, my sense is the documents say what 22 the parties intend, and if there's a misprint the 23 documents would read what the parties intended. But 24 you're right, it's inconsistent. I can't explain to 25 you today why.</p>	<p style="text-align: right;">Page 160</p> <p>1 Q. And among the various things it warrants 2 are what is set forth in section 5.9, right? 3 A. Yes, among 12 reaffirmations that this was 4 one of them. 5 Q. And 5.9 reads "Gruppo obtained Skye notes 6 7/12 and 8/12 by paying valuable, significant, bona 7 fide consideration in excess of One Hundred Million 8 Dollars (\$100,000,000), and obtained all other Skye 9 notes and Gruppo notes by paying valuable, 10 significant, bona fide consideration." 11 Do you see that? 12 A. Yes. 13 Q. So this warranty and representation states 14 that Gruppo obtained notes 7/12 and 8/12, which 15 between the two of them had a face value of a hundred 16 million dollars, by paying valuable significant bona 17 fide consideration in excess of \$100 million. Do you 18 see that? 19 A. I'm sorry, I was -- 20 Q. Do I need to read that to you again? 21 MR. ELLIOTT: He just read you 5.9. 22 Q. Stop and look at page 5.9. 23 A. No, I get the gist of your question. 24 Q. This is the warranty and representation 25 you had Gruppo make, "Gruppo obtained Skye Notes 7/12</p>

<p style="text-align: right;">Page 161</p> <p>1 and 8/12 by paying valuable, significant, bona fide</p> <p>2 consideration in excess of \$100 million." Do you see</p> <p>3 that?</p> <p>4 A. I see that, yes.</p> <p>5 Q. Now, why did you have Gruppo make that</p> <p>6 representation in an agreement effective as of</p> <p>7 January 1, 2010?</p> <p>8 A. I think that they meant to say -- again,</p> <p>9 this is not me preparing this. I think the lawyer</p> <p>10 meant to say repeat this -- I think his misrepeated</p> <p>11 the 3.9 from the earlier agreements is what I take</p> <p>12 out of it. Because they never told me that.</p> <p>13 Q. Who misrepeated?</p> <p>14 A. The lawyer. If you see it's kind of a</p> <p>15 repeat of the earlier warranty and rep.</p> <p>16 Q. Well, it says a little more than the</p> <p>17 earlier warranty and rep, doesn't it?</p> <p>18 A. It's a repeat but I think it's a</p> <p>19 misrepeat. The point of fact, until you just</p> <p>20 mentioned that, I never caught that and I'm assuming</p> <p>21 they didn't either.</p> <p>22 Q. Who's "they"?</p> <p>23 A. Gruppo.</p> <p>24 Q. Who drafted this agreement that's been</p> <p>25 marked as Exhibit 21? Was that done by Crabbe,</p>	<p style="text-align: right;">Page 163</p> <p>1 predecessor agreements that we've seen, right?</p> <p>2 A. It's a real -- this is done by an</p> <p>3 experienced transactional lawyer, you can tell by a</p> <p>4 lot of the lingo, or at least a lawyer who had access</p> <p>5 to forms.</p> <p>6 Q. And you signed Exhibit 21, correct? On</p> <p>7 page 4480, right?</p> <p>8 A. Yes.</p> <p>9 Q. Now, when you signed it, you signed an</p> <p>10 agreement that had a representation by Gruppo that it</p> <p>11 paid more than a hundred million dollars in notes</p> <p>12 7/12 and 8/12, right?</p> <p>13 A. That's what it says. Once again --</p> <p>14 Q. Do you believe that to be true?</p> <p>15 A. I never said it was true before and I</p> <p>16 don't think anybody's ever said it was true. Again,</p> <p>17 it's a misprint.</p> <p>18 Q. Who other than Crabbe, Brown & James had</p> <p>19 you engaged by November of 2009 to assist you in any</p> <p>20 way, which law firm or lawyer had you hired to assist</p> <p>21 you in any way in connection with your dealings with</p> <p>22 Gruppo Triad, Pavanelli, or Schianchi?</p> <p>23 A. Whatever lawyer it was that helped me with</p> <p>24 this was the only lawyer that -- I never engaged</p> <p>25 anybody else. And I may have asked a lawyer to take</p>
<p style="text-align: right;">Page 162</p> <p>1 Brown & James for you?</p> <p>2 A. I don't know.</p> <p>3 Q. Who else would have done it?</p> <p>4 A. Oh, I have tons of lawyers that work for</p> <p>5 me.</p> <p>6 Q. You have tons of lawyers working on your</p> <p>7 dealings between you and Gruppo Triad in 2010 or</p> <p>8 2009?</p> <p>9 A. I didn't say that, of course. You're</p> <p>10 misstating what I said. What I said was that I had a</p> <p>11 lot of lawyers working for me. So which of them was</p> <p>12 helped me with this agreement, I would think it was</p> <p>13 not Crabbe-Brown because they weren't litigators,</p> <p>14 they were transactional lawyers and this is more of a</p> <p>15 transactional document. So I may have asked -- I</p> <p>16 think I had asked one of the lawyers who did</p> <p>17 transactional work for me to take a look at it.</p> <p>18 Q. Which ones?</p> <p>19 A. Again, I said I don't remember.</p> <p>20 Q. You testified that Exhibit 21 is not</p> <p>21 drafted in a form that makes it look like you wrote</p> <p>22 it, correct?</p> <p>23 A. That's right.</p> <p>24 Q. And certainly to the uninitiated reader it</p> <p>25 certainly looks like it's different than the</p>	<p style="text-align: right;">Page 164</p> <p>1 a look at it.</p> <p>2 Q. Well, you've told us that some experienced</p> <p>3 transactional counsel must have created Exhibit 21</p> <p>4 because this is beyond what you were capable of doing</p> <p>5 or had the patience to do, right?</p> <p>6 A. That's true. I'd like to characterize it</p> <p>7 as patience but it's probably ability.</p> <p>8 Q. And perhaps both.</p> <p>9 A. It could be both, yes.</p> <p>10 Q. So this isn't something, you've been</p> <p>11 around the practice of law enough to know, that</p> <p>12 somebody would have done in 15 minutes, right?</p> <p>13 A. That's right.</p> <p>14 Q. So who did you engage in this timeframe,</p> <p>15 November 2009 or thereabouts, to assist you, whether</p> <p>16 you paid this lawyer or not, in connection with an</p> <p>17 agreement of this nature for your dealings with</p> <p>18 Gruppo Triad and Pavanelli?</p> <p>19 A. I don't remember.</p> <p>20 MR. ELLIOTT: I think you've answered that</p> <p>21 question now at least five times.</p> <p>22 Q. You have no idea?</p> <p>23 A. I have no guess. I would have to go back</p> <p>24 and think of all the deals that were involved at the</p> <p>25 time, who the lawyers were working on the</p>

<p style="text-align: right;">Page 165</p> <p>1 transactions, and try to remember if one of them did</p> <p>2 this as a favor to me or I might have even paid them,</p> <p>3 I don't know.</p> <p>4 Q. What could you do to refresh your</p> <p>5 recollection in that way?</p> <p>6 A. Well, like I said, I can go back to sort</p> <p>7 of the turn of the year in January '10 and figure</p> <p>8 which transactions I had active, who were the law</p> <p>9 firms working on those transactions, so if they were</p> <p>10 Crabbe-Brown or Cooper & Elliott, and try to think</p> <p>11 back if one those guys were the kind of guy I would</p> <p>12 have said hey, would you take a look at this for me</p> <p>13 or help me out.</p> <p>14 Q. And you told me you eventually became a</p> <p>15 tax lawyer at Crabbe-Brown after being a litigator</p> <p>16 for a while, right?</p> <p>17 A. I aspired to become a tax lawyer and went</p> <p>18 to a master's in tax. Did a little bit of tax work.</p> <p>19 Q. Does Crabbe-Brown do transactional work?</p> <p>20 Or more specifically, in 2009 and 2010 --</p> <p>21 MR. ELLIOTT: Let him answer the question.</p> <p>22 MR. SCHWARTZ: I'm going to make it a</p> <p>23 different question.</p> <p>24 MR. ELLIOTT: I want him to answer the</p> <p>25 question that you asked.</p>	<p style="text-align: right;">Page 167</p> <p>1 address of @SkyeVentures.com. Do you remember seeing</p> <p>2 that document yesterday?</p> <p>3 A. I don't remember seeing a document. I</p> <p>4 remember talking about that subject.</p> <p>5 Q. All right. Let me see if I can show you a</p> <p>6 document. If we didn't see it yesterday, I may be</p> <p>7 mistaken in that respect. Maybe you just testified</p> <p>8 about it and we did not mark the document but I'm</p> <p>9 questioning.</p> <p>10 A. I hate to be the guy that causes any break</p> <p>11 but I really have to go to the bathroom.</p> <p>12 Q. Go ahead and I'll see if we can put our</p> <p>13 hands on what we're talking about.</p> <p>14 VIDEOGRAPHER: Off the record 2:12 p.m.</p> <p>15 (Off the record.)</p> <p>16 VIDEOGRAPHER: On the record 2:22.</p> <p>17 Q. Mr. Richards, when we took a break we were</p> <p>18 beginning to talk about the email address --</p> <p>19 A. Yes.</p> <p>20 Q. -- or addresses you may have used in 2003</p> <p>21 and 2004. And my recollection, although the record</p> <p>22 will speak for itself, is that you did indicate that</p> <p>23 there was a server that you had of SkyeVentures.com.</p> <p>24 Do you recall talking about that yesterday?</p> <p>25 A. I do. We did discuss that yesterday.</p>
<p style="text-align: right;">Page 166</p> <p>1 Q. Go ahead answer that one first. Does</p> <p>2 Crabbe-Brown do transaction work?</p> <p>3 A. They probably do some.</p> <p>4 Q. Did they do transactional work in 2009 and</p> <p>5 2010?</p> <p>6 A. They may have.</p> <p>7 Q. Have you ever engaged or worked with a</p> <p>8 Crabbe-Brown transactional lawyer after you left that</p> <p>9 firm?</p> <p>10 A. There was a guy there named Rick Wetzel</p> <p>11 that I may have done one transaction with, I forget</p> <p>12 the exact nature of it, but I did one I think</p> <p>13 transaction with him.</p> <p>14 Q. Did it have anything to do with Gruppo</p> <p>15 Triad or Pavanelli?</p> <p>16 A. I don't think so, no. I'm sure not.</p> <p>17 Q. Is there any Crabbe-Brown transactional</p> <p>18 lawyer you ever worked with on any matter concerning</p> <p>19 Gruppo Triad, Schianchi, or Pavanelli?</p> <p>20 A. I think Wetzel was their only guy who did</p> <p>21 transactions and I'm almost certain he never worked</p> <p>22 on anything with regard to Bandagro.</p> <p>23 Q. In 2003 and 2004, I think you told me</p> <p>24 yesterday for a period of time there was a Skye</p> <p>25 Ventures server and we saw that you had an email</p>	<p style="text-align: right;">Page 168</p> <p>1 Q. And you had an email address on that</p> <p>2 server, correct?</p> <p>3 A. Well, we didn't have a server, we rented</p> <p>4 space on a commercial server somewhere.</p> <p>5 Q. Where did you rent space?</p> <p>6 A. I don't know.</p> <p>7 Q. Who would know?</p> <p>8 A. Eric. Eric did it.</p> <p>9 Q. Is there any other potential source of</p> <p>10 information?</p> <p>11 A. I don't know how you'd find that out.</p> <p>12 Q. In any event, the domain was</p> <p>13 SkyeVentures.com?</p> <p>14 A. Yes.</p> <p>15 Q. And your email address was</p> <p>16 DRichards@SkyeVentures.com?</p> <p>17 A. I think so, yes.</p> <p>18 Q. And for how long did you rent that server</p> <p>19 and use that email address?</p> <p>20 A. For all I know we still have it, but I</p> <p>21 don't think so. I think we stopped using it maybe</p> <p>22 '05-'06 perhaps.</p> <p>23 Q. You also mentioned yesterday that you had</p> <p>24 many email addresses.</p> <p>25 A. Yes.</p>

<p style="text-align: right;">Page 169</p> <p>1 Q. In '03 and '04 how many different email 2 addresses did you use? 3 A. I think there were at least five companies 4 that I had an email -- we had at the time that I had 5 an email address at each one. 6 Q. What were the five companies? 7 A. So we just talked about Skye Ventures, 8 there was a company called EBRx, that was a pharmacy 9 benefit manager and I had an email address there. 10 Q. What was your email address there? 11 A. Boy, I don't remember but it was probably 12 something like DRichards@EBRx.com, something like 13 that. It wasn't a really huge -- they had 30 or 40 14 employees so I doubt there was another Dave Richards. 15 We had the Workers' Comp pharmacy benefit 16 manager called OccMeds. 17 Q. Would you please spell that? 18 A. O-c-c-M-e-d-s, as in occupational 19 medicine, OccMeds. 20 Q. What was your email address there? 21 A. I don't remember, but again I would guess 22 it was something like DRichards or DJR, Dave 23 underscore Richards, something like that, 24 @OccMeds.com. 25 Then we had a business that was related to</p>	<p style="text-align: right;">Page 171</p> <p>1 timeframe? 2 A. I think those that I recall, yes. I think 3 pretty sure that was it. 4 Q. When you ceased using the SkyeVentures.com 5 domain while this case was pending, what steps did 6 you take to secure the information and data on that 7 server? 8 A. I don't recall taking any steps. 9 Q. During the time the case has been pending 10 have you made any effort to retrieve any data from 11 that server? 12 A. No. Everything on there was -- no. 13 Q. Let's mark the next exhibit. 14 (RICHARDS/SKYE EXHIBIT 22 WAS MARKED.) 15 Q. Mr. Richards, I'm showing you a document, 16 it's a two-page document Bates stamped Skye 17 005539-40. Not quite as lengthy as some of the last 18 exhibits but please take a look at Exhibit 22 and let 19 me know if you recognize this. 20 A. It looks like an email that I was copied 21 on in 2007. 22 Q. It's actually a series of emails, at least 23 the last one of which you're copied on. Do you 24 recognize this? 25 A. Not really. I have no memory of it.</p>
<p style="text-align: right;">Page 170</p> <p>1 OccMeds called OFS Financial, and I had an email 2 address at OFS I believe. 3 Q. OFS.com? 4 A. I just don't remember what that one was. 5 It's unlikely we could have gotten OFS, it was 6 probably a domain that's long been taken. So it was 7 something like that. OFSFinancial.com maybe. 8 And then I had an imaging business that I 9 had an email address at called Ohio Heart. Again, 10 probably DRichards@OhioHeart.com. Might have been 11 Ohio-Heart.com. Because I don't think Ohio Heart was 12 available. 13 And I might have had an email address 14 associated with a real estate business but I don't 15 remember that specifically. 16 Q. Did you also have a personal email account 17 at that time? 18 A. Yeah, I did. I had an email address 19 named -- at a place called Netwalk, which is a friend 20 of mine that owned the business and was a personal 21 email which I don't think I ever used really. I used 22 some but didn't use it regularly. 23 Q. Have you now told me all the email 24 addresses having used -- in 2003 and 2004 have you 25 now described all the email addresses used in that</p>	<p style="text-align: right;">Page 172</p> <p>1 Q. First of all, let's start at the top where 2 somebody named Musheer_Robinson@AJG.com is emailing 3 you on April 10 -- 12, rather, 2007. You see that? 4 A. Yep. 5 Q. Do you have any reason to doubt that you 6 received this email? 7 A. No. 8 Q. And this document reflects that at least 9 as late as April 12th of 2007 you were still 10 receiving email at DRichards@SkyeVentures.com, 11 correct? 12 A. It looks like it was sent to 13 DRichards@SkyeVentures.com. I don't know if I 14 received it there. I don't know if it was still 15 alive at that time. 16 Q. Well -- 17 A. Because, again, I don't remember it. I'm 18 not saying it didn't or did. But it doesn't say that 19 it was active, I said that somebody sent an email to 20 that address, certainly. 21 Q. Does this refresh your recollection as to 22 whether you were still receiving email at 23 SkyeVentures.com in 2007? 24 A. Again, I don't recall this so and I'm not 25 saying I -- I think I already said I don't know how</p>

<p style="text-align: right;">Page 173</p> <p>1 long we kept Skye Ventures open.</p> <p>2 Q. Let's work our way through this email</p> <p>3 string. If you look at the bottom of the first page</p> <p>4 of Exhibit 22, someone named Jorge von Fedak at</p> <p>5 swiftships.com was writing to Musheer Robinson and</p> <p>6 describing reservations for two gentlemen at a hotel</p> <p>7 in Miami.</p> <p>8 Then Jorge appears to be responding to</p> <p>9 Musheer and talking about flying from Caracas to</p> <p>10 Huston to Fort Lauderdale on the 20th and</p> <p>11 describing what's happening with these two gentlemen.</p> <p>12 You see that?</p> <p>13 A. Yes.</p> <p>14 Q. Is this ringing a bell yet?</p> <p>15 A. No.</p> <p>16 Q. Then Musheer is writing to you, emailing</p> <p>17 to you and Alcalde and to Kennedy at CBJ about a</p> <p>18 meeting in Miami and including "details regarding our</p> <p>19 colleague's travel." Are you tracking with me here?</p> <p>20 A. Yeah, I'm tracking, I'm just trying to</p> <p>21 shake the dust off my old brain here and figure out</p> <p>22 what this was about. And I'm getting -- I think I</p> <p>23 remember.</p> <p>24 Q. What do you remember?</p> <p>25 A. So first, Musheer Robinson, he was a --</p>	<p style="text-align: right;">Page 175</p> <p>1 had with Jacir in Miami, did you meet with anybody</p> <p>2 else in connection with Bandagro notes in Miami at</p> <p>3 any time?</p> <p>4 A. Well, we talked about the sisters.</p> <p>5 Q. Ah, yes, the sisters. Other than Jacir</p> <p>6 and the sisters.</p> <p>7 A. At a different time I met with an attorney</p> <p>8 there named Rafael Chavera.</p> <p>9 Q. Did you have any other meetings in Miami?</p> <p>10 A. I met with --</p> <p>11 (Interruption.)</p> <p>12 Q. Where are we?</p> <p>13 (Record read.)</p> <p>14 Q. You told us about Rafael.</p> <p>15 A. I met with Chavera there with Chip I</p> <p>16 believe, maybe it was Alcalde but I believe it was</p> <p>17 Chip. And maybe more than once. And then I had met</p> <p>18 with Volpi there, Vince Volpi and counsel, and I</p> <p>19 would struggle to figure out when that was. But who</p> <p>20 else?</p> <p>21 I think I met -- I'm pretty sure I met</p> <p>22 once with Alex Illeorega once there?</p> <p>23 Q. Remind me the spelling the best you can of</p> <p>24 his name?</p> <p>25 A. I-l-l-e-o-r-g-a, g-i-a, or maybe g-a,</p>
<p style="text-align: right;">Page 174</p> <p>1 worked at this fairly large insurance firm named A.J.</p> <p>2 Gallagher, AJG.com.</p> <p>3 (Interruption.)</p> <p>4 A. Sorry, I didn't know I didn't have this</p> <p>5 off.</p> <p>6 So Musheer Robinson was a fellow who he</p> <p>7 worked for an insurance agency or was an insurance --</p> <p>8 worked for A.J. Gallagher in some way, shape, or</p> <p>9 form, but I came to know Musheer Robinson through a</p> <p>10 company called Swiftships. And Swiftships is a boat</p> <p>11 builder and so we had done a financing with</p> <p>12 Swiftships.</p> <p>13 So I don't remember there ever was any guy</p> <p>14 named Jorge Fedak at Swiftships. They were a</p> <p>15 reasonable size company, maybe a hundred employees,</p> <p>16 but I don't remember any Jorge Fedak. I do remember</p> <p>17 Musheer, who wasn't an employee of the company but he</p> <p>18 consulted with them in some way.</p> <p>19 Q. Do you have any reason why Musheer</p> <p>20 Robinson was informing you and Alcalde about</p> <p>21 somebody's travel from Caracas or some number of</p> <p>22 people traveling from Caracas?</p> <p>23 A. This is what is curious to me. I just</p> <p>24 don't know why this was occurring in April of 2007.</p> <p>25 Q. Other than the meeting you testified you</p>	<p style="text-align: right;">Page 176</p> <p>1 maybe double G.</p> <p>2 And that's all that comes to mind.</p> <p>3 Q. None of those meetings had anything to do</p> <p>4 with Musheer Robinson or Swiftships?</p> <p>5 A. No. I don't recall ever meeting with</p> <p>6 Musheer in Miami. I'm not saying it didn't happen</p> <p>7 but --</p> <p>8 Q. I'm not saying it did happen, I'm just</p> <p>9 asking.</p> <p>10 A. Okay.</p> <p>11 Q. Could be that these people for some reason</p> <p>12 wanted you to know about this meeting even though you</p> <p>13 weren't invited.</p> <p>14 A. Could be. But again, I'm just having</p> <p>15 trouble remembering exactly what all this was about.</p> <p>16 Q. Who is Rafael Chavera?</p> <p>17 A. An attorney we hired.</p> <p>18 Q. An attorney where?</p> <p>19 A. Venezuela. Caracas.</p> <p>20 Q. What did you hire Rafael Chavera to do?</p> <p>21 A. Alcalde hired him to do certain things and</p> <p>22 he'd been around, he was around for a while so he did</p> <p>23 I think more than one thing. But I don't recall</p> <p>24 exactly what. The only time I ever met him was when</p> <p>25 I met him in, once or possibly twice in Miami with</p>

Page 177	Page 179
<p>1 Alcalde or Chip.</p> <p>2 Q. Does he speak English?</p> <p>3 A. Yes.</p> <p>4 Q. So what different tasks had he been hired</p> <p>5 to undertake?</p> <p>6 MR. ELLIOTT: I think he just answered the</p> <p>7 question.</p> <p>8 A. Honestly, I don't remember specifically</p> <p>9 what Alcalde had him doing.</p> <p>10 Q. Is he still working for you?</p> <p>11 A. Well, I think if I called him and asked</p> <p>12 him to do something, if we called him and asked him</p> <p>13 to do something, he would. He's not working for us</p> <p>14 at the moment.</p> <p>15 Q. Are there any other Venezuelan lawyers who</p> <p>16 are working for you at the moment?</p> <p>17 A. Well, not other because he isn't. But,</p> <p>18 no, I don't think we have anybody from Venezuela.</p> <p>19 Q. When did you meet with Rafael Chavera?</p> <p>20 A. I would say as just a wild guess --</p> <p>21 MR. ELLIOTT: No, no, don't wild guess.</p> <p>22 He doesn't want you to wild guess.</p> <p>23 A. I don't remember.</p> <p>24 Q. A regular guess is one thing, but a wild</p> <p>25 guess.</p>	<p>1 MR. ELLIOTT: Yeah, I think that's work</p> <p>2 product.</p> <p>3 A. You better ask Alcalde that because he was</p> <p>4 working under Alcalde.</p> <p>5 Q. Who is Alex Illeorega?</p> <p>6 A. He's the fellow that had helped me arrange</p> <p>7 with the congressman named Pedro something or other</p> <p>8 with the Minister of Finance with the guy named</p> <p>9 Tovar.</p> <p>10 Q. When was that meeting?</p> <p>11 A. I think we went through that yesterday.</p> <p>12 Q. Give me the timeframe so I can place it</p> <p>13 again, please. I'm sorry if I covered this.</p> <p>14 A. I think I had trouble placing it even</p> <p>15 then.</p> <p>16 Q. I'm having trouble placing it myself, so.</p> <p>17 I apologize if you struggled with this yesterday.</p> <p>18 A. I did. And I'm guessing it was '05</p> <p>19 sometime I believe. Maybe '06.</p> <p>20 Q. Did you ever come to learn at any time</p> <p>21 that Pavanelli was upset with Jacir because Jacir had</p> <p>22 shared certain information with you?</p> <p>23 A. I mean, he was in a constant state of</p> <p>24 agitation over one thing and another. So maybe, but</p> <p>25 I don't specifically recall that.</p>
Page 178	Page 180
<p>1 A. I really don't remember. Honestly, I</p> <p>2 don't.</p> <p>3 Q. Remind me who Vince Volpi is.</p> <p>4 A. Vince Volpi is the CEO of Pica.</p> <p>5 Q. Spell that, please.</p> <p>6 A. P-i-c-a.</p> <p>7 Q. What is Pica?</p> <p>8 A. It's the investigation firm.</p> <p>9 Q. Ah, yes. When you say you met with Vince</p> <p>10 Volpi and counsel, who's counsel?</p> <p>11 A. I met with Vince and Chip in their offices</p> <p>12 down there, in Pica's offices.</p> <p>13 Q. What did you hire Pica to do?</p> <p>14 A. Well, Pica had been doing investigation in</p> <p>15 the case for many years and Chip, when there was a</p> <p>16 transition from Crabbe-Brown to Cooper & Elliott they</p> <p>17 had met, so I just introduced them. And they had a</p> <p>18 meeting.</p> <p>19 Q. Where is Volpi based?</p> <p>20 A. They have more than one office. They</p> <p>21 certainly have an office in Columbus and they</p> <p>22 certainly have an office in Miami and they have</p> <p>23 offices around.</p> <p>24 Q. What was he hired to investigate?</p> <p>25 A. Well, I think you're better --</p>	<p>1 Q. Did Alcalde ever report to you that he had</p> <p>2 heard from Jacir that Pavanelli was complaining about</p> <p>3 Jacir's interactions with Alcalde or you?</p> <p>4 A. I don't remember that.</p> <p>5 Q. Let me ask you to look at the first page</p> <p>6 of Exhibit 22 which I hadn't previously asked you to</p> <p>7 focus on.</p> <p>8 A. I was just actually looking at that.</p> <p>9 Q. That appears to have or may have a copy of</p> <p>10 a business card or some other identifying information</p> <p>11 for Centro de Estudios Geopoliticos de Venezuela.</p> <p>12 Looks like the Center of Study of Geopolitics of</p> <p>13 Venezuela.</p> <p>14 That mean anything to you?</p> <p>15 A. Really doesn't.</p> <p>16 Q. Recognize the name there, Tomás Antonio</p> <p>17 Mariño Bianco whose title appears to be Capitán de</p> <p>18 Navio?</p> <p>19 A. Something inside me says I should remember</p> <p>20 but I don't.</p> <p>21 Q. Means nothing to you now?</p> <p>22 A. Not without more.</p> <p>23 (Mr. Cooper joins the deposition.)</p> <p>24 MR. SCHWARTZ: Good afternoon, Mr. Cooper.</p> <p>25 MR. COOPER: Good afternoon.</p>

Page 181	Page 183
<p>1 (Discussion off the record.)</p> <p>2 Q. At any point were you given copies of any</p> <p>3 written communications between Jacir and Pavanelli?</p> <p>4 A. Me personally?</p> <p>5 Q. Yes.</p> <p>6 A. I don't think so. Possibly but -- it's</p> <p>7 possible I was copied on communications. I don't</p> <p>8 remember anything specific though.</p> <p>9 Q. Let's mark Exhibit 23.</p> <p>10 (RICHARDS/SKYE EXHIBIT 23 WAS MARKED.)</p> <p>11 Q. Mr. Richards, I'm showing you a document</p> <p>12 marked Exhibit 23. You'll notice it's in Italian.</p> <p>13 I'll just ask you to take a look at it and see if</p> <p>14 you're familiar with it.</p> <p>15 A. I'm assuming you're not asking me to read</p> <p>16 it.</p> <p>17 Q. I am not asking you to read it.</p> <p>18 A. Just by looking at the first page and kind</p> <p>19 of filtering through it, it looks similar to the</p> <p>20 Fabbiani report and may be the Fabbiani report that</p> <p>21 we have.</p> <p>22 Q. Well, I was going to ask you, is this the</p> <p>23 Fabbiani report that you left Como with in early</p> <p>24 April of 2004?</p> <p>25 A. Well, again, as I've already explained to</p>	<p>1 Let me just notice, point out to you for a</p> <p>2 moment, this document bears a Bates Stamp number Skye</p> <p>3 000718. So this was produced to us by your lawyers.</p> <p>4 You recognize that's what this "718" means at the</p> <p>5 bottom?</p> <p>6 A. Based on what we've done for the last two</p> <p>7 days, I assume you guys put these numbers at the</p> <p>8 bottom of things, so.</p> <p>9 Q. We guys didn't do it but your guys did.</p> <p>10 MR. ELLIOTT: We'll stipulate it came from</p> <p>11 us.</p> <p>12 A. I'll take your word for it.</p> <p>13 Q. Take Mr. Elliott's word.</p> <p>14 A. I'll take both your words for it.</p> <p>15 Q. That being the case, when you received</p> <p>16 your copy of the Fabbiani report, do you recall</p> <p>17 trying to form an understanding of the circumstances</p> <p>18 that led to it being generated?</p> <p>19 A. I don't.</p> <p>20 Q. Did you ever ask anybody why did Fabbiani</p> <p>21 prepare this report?</p> <p>22 A. Well, when I was interviewing him and</p> <p>23 talking to him in Como, it's possible I asked him</p> <p>24 that. I don't recall asking him that.</p> <p>25 Q. When you got your copy, did you happen to</p>
Page 182	Page 184
<p>1 to you, I had -- you know, we had so many documents</p> <p>2 and I would doubt that I could tell you exactly which</p> <p>3 one it was. Even -- I think I've already said I</p> <p>4 wasn't a hundred percent sure it was in there. I</p> <p>5 think it might have been.</p> <p>6 Q. If you didn't get it at some point while</p> <p>7 you were in Como in late March/early April of 2004,</p> <p>8 you got it sometime shortly thereafter, right?</p> <p>9 A. Well, I don't know that. I know that I</p> <p>10 came back with a lot of documents. I believe -- and</p> <p>11 I'm certain I had it before -- I had maybe not this</p> <p>12 one but a report before June, so.</p> <p>13 Q. That's fair enough.</p> <p>14 A. We did acquire it.</p> <p>15 Q. Were you able to tell looking at the first</p> <p>16 page of Exhibit 23 whether this resembles the</p> <p>17 Fabbiani report that you eventually ended up with</p> <p>18 whether you got it at Como or some point?</p> <p>19 A. Yeah, it bears a resemblance to it, for</p> <p>20 sure. Again, I'm not sure if it's the exact one or</p> <p>21 not, but it bears a resemblance and I see some things</p> <p>22 in there that I remember from the meeting with</p> <p>23 Fabbiani.</p> <p>24 Q. Do you recall if the report that you</p> <p>25 received -- strike that for a second.</p>	<p>1 notice that the first page of it made reference to a</p> <p>2 Tribunale Di Torino 1st Sezione Penale?</p> <p>3 A. No, I don't recall noticing that.</p> <p>4 Q. Prior to the time you purchased the</p> <p>5 purported notes 7/12 and 8/12, had you come to</p> <p>6 understand that Fabbiani had prepared this report in</p> <p>7 connection with some penal proceeding against</p> <p>8 Pavanelli in Torino?</p> <p>9 A. So the answer the first is, again, as I've</p> <p>10 consistently said, I don't know if this was the</p> <p>11 particular report I saw or -- at that time or the one</p> <p>12 that we had. If it was, I didn't notice it.</p> <p>13 MR. ELLIOTT: Well.</p> <p>14 Q. You did not notice it.</p> <p>15 A. I did not.</p> <p>16 Q. And regardless of whether the one that's</p> <p>17 been marked as Exhibit 23 is the one that you</p> <p>18 received sometime in or before June of 2004, when you</p> <p>19 got the copy you got, did you notice that it involved</p> <p>20 a penal proceeding against Pavanelli in Tornio?</p> <p>21 A. No.</p> <p>22 Q. What would you need to do, if you could do</p> <p>23 this at all, to determine whether the document that's</p> <p>24 been marked as Exhibit 23 is the copy of the Fabbiani</p> <p>25 report that you received in or before June 2004?</p>

<p style="text-align: right;">Page 185</p> <p>1 A. I thought -- hold on, I thought you were 2 going to ask me a different question, you threw me 3 for a loop there. 4 What would I need to do what? To 5 determine if this was the one that I actually 6 received? 7 Q. Yes. 8 A. So again, let me recap by saying I don't 9 know if I received it in March. 10 Q. I didn't say you had received it in March. 11 You told me you received it by June of 2004, right? 12 A. We received it. 13 Q. Yes. "We" meaning? 14 A. Might have gone straight to Alcalde. 15 Q. When did you first see it? 16 A. I saw it when I was sitting there with 17 Fabbiani. I saw a report when I was sitting there 18 with Fabbiani and got to ask him questions about it. 19 Q. And when did you first see the report that 20 you thereafter received a copy of? 21 MR. ELLIOTT: Do you understand that 22 question? 23 Q. Do you? 24 A. I don't. 25 Q. You saw a copy of the report when you were</p>	<p style="text-align: right;">Page 187</p> <p>1 special entity for every investment, so I doubt it. 2 Q. Did you use some of the \$2 million that 3 you raised from outside investors to contribute to 4 the funding of Gruppo Triad's Swiss litigation with 5 Woodstrite? 6 A. I didn't -- I think some of the money that 7 I sent to them was they'd asked me because they 8 needed money in the litigation. If that's what 9 you're asking. 10 MR. SCHWARTZ: Can you read back that 11 answer, please. 12 (Record read.) 13 Q. It's not exactly what I'm asking. Did you 14 use any of the million and a half to \$2 million that 15 you raised from outside investors for that purpose? 16 A. Well, yes. The money that -- I'm sorry, 17 for what purpose again? I'm not sure -- 18 Q. To fund Gruppo Triad's litigation in 19 Switzerland with Woodstrite. 20 A. No, no. We used it to increase the 21 waterfall in our notes. What they used it for was up 22 to them. The reason I sent it to them was because 23 they said they were going to spend it on the 24 litigation and they were running out of money for 25 that.</p>
<p style="text-align: right;">Page 186</p> <p>1 in Como, right? 2 A. Yes. 3 Q. You may have left Como with a copy of it, 4 you're not sure. 5 A. Correct. 6 Q. At some point by June of 2004 you know you 7 had received your own copy of it. 8 A. I do. I believe it was -- I know that 9 because I believe it was part of the stuff that was 10 provided to Libra. 11 Q. But you don't recall whether you noticed 12 whether there was any reference to a penal proceeding 13 on the first page of the copy you received. 14 A. Yeah. Correct. 15 Q. Has Skye Ventures made any investment 16 other than the notes 7/12, 8/12, and 9/12? 17 MR. ELLIOTT: Has Skye Ventures bought 18 anything else other than those three notes, is that 19 what your question is? 20 MR. SCHWARTZ: My question certainly 21 includes that. 22 MR. ELLIOTT: Relating to Bandagro or 23 anything else? 24 MR. SCHWARTZ: Anything. 25 A. Our typical practice is we create a</p>	<p style="text-align: right;">Page 188</p> <p>1 Q. Let me just ask you a couple more 2 questions about the Fabbiani report. Do you recall 3 whether you obtained a translation for any or all of 4 it at any time? 5 A. I did. We did. 6 Q. When did you do that? 7 A. I don't remember exactly when but it was 8 one done by Usuelli. He translated all or part of 9 it. 10 Q. Did he do that before you purchased notes 11 7/12 and 8/12? 12 A. I think he did but I'm not sure. 13 Q. Did you read the translation before you 14 purchased notes 7/12 and 8/12? 15 A. Again, I don't remember when I read the 16 translation and I don't remember when we got it. So 17 it's certainly possible that I did. But I don't 18 recall. It would be better if we have -- we could 19 find out exactly when he transmitted the translation, 20 I could answer that question more precisely. 21 Q. Do you still have a copy of the 22 translation? 23 A. I may. If I do, I would have given it to 24 counsel. 25 Q. Do you still have a copy of the</p>

<p style="text-align: right;">Page 189</p> <p>1 transmittal note or memo or email that accompanied 2 the translation? 3 A. I don't know. 4 Q. When you read the translation, did you 5 notice that the report had been created in the 6 context of the criminal proceeding? 7 A. Well, you're asking me -- I don't think he 8 translated the entire report. He did selective 9 sections of the report that he thought was important. 10 So I don't know that he actually -- he didn't 11 translate the whole report verbatim word for word the 12 entire thing. He translated selective portions of 13 it. So it would be doubtful that he would but 14 possible that he would have translated the title 15 page. I don't think he did though. 16 Q. You're not sure as you sit here today? 17 A. I'm not sure. 18 Q. We may have covered this yesterday but let 19 me just ask the question to make sure that we cover 20 it one of these days. Did anybody in Como describe 21 for you the circumstances that led to the Fabbiani 22 report being created? 23 A. Again, I think we did answer that 24 yesterday, and I said that I don't recall that. My 25 questioning, they had said it was part of the</p>	<p style="text-align: right;">Page 191</p> <p>1 Maybe '7 at the worst. 2 Q. Do you recall the substance of your last 3 conversation with him? 4 A. I don't know if there was any substance to 5 the conversation. I was just busy and tired of 6 dealing with him. And when he was calling, since we 7 had our case underway, there wasn't a lot of reason 8 for me to talk to him. 9 Q. You testified yesterday that when you 10 learned Pavanelli had been involved in a criminal 11 case in the United Kingdom, you or somebody at your 12 direction attempted to get documents relating to that 13 proceeding, right? 14 A. Well, I think what I said was that we 15 learned about three, two or three proceedings that 16 Pavanelli was involved; one was the Swiss case, one 17 was the London case, and then to a certain extent I 18 knew about this tax case, what I call the bankruptcy 19 case and you called the criminal case. 20 So we started finding out what we could 21 find out about that just to verify it. We found the 22 Swiss records and they proved out to be exactly what 23 he told us they were, and I think we tried to access 24 the London records but they were unavailable to us. 25 Q. Who did you employ to try to find the</p>
<p style="text-align: right;">Page 190</p> <p>1 Attorney General file or Ministry of Finance file and 2 that it was submitted to them and so that's what I 3 remember, primarily remember about its use. 4 But they had this guy's report and said 5 the signatures were real, and it was part of the 6 investigation in some way. 7 Q. Who made the decision to include some or 8 all of the Fabbiani report on the Skye website? 9 A. Well, to me I remember having pictures on 10 the Skye website from the Fabbiani report. That's 11 what I remember. 12 Q. Who made the decision to post the pictures 13 or any other content? 14 A. It was probably me, for sure. 15 Q. What was your reasoning? 16 A. I just thought they were cool pictures. I 17 liked the way they looked and it probably was said in 18 reference to the fact that this fellow who was of 19 some substance had found the notes, the signatures on 20 the notes were those of the Bandagro founders. 21 Q. You testified yesterday that the last time 22 you spoke with Pavanelli was in 2005 or 2006, right? 23 A. I don't remember saying that but I think 24 that is -- there was a time at which I'd stopped 25 talking to him and I believe it was 2005 or '6.</p>	<p style="text-align: right;">Page 192</p> <p>1 London records? 2 A. I didn't employ, Crabbe-Brown employed 3 people to do it. 4 Q. Who? 5 A. Pica. 6 Q. When did Volpi make that effort? 7 A. I think it wasn't just at one time. I 8 think he stuck at it a little bit and he picked up a 9 couple of collateral things but never got the London 10 case ever. 11 So I think he may have tried as recently 12 as a couple of years ago to find something about it 13 but when he was looking, when the time period that we 14 just talked about the previous question was this 15 run-up to the purchase of the notes and filing the 16 lawsuit timeframe. 17 Q. What efforts did you make or did anyone 18 make at your direction to find documents concerning 19 the Italian proceedings? 20 A. So that's the one I think we discussed 21 yesterday that I'm not so clear on about when I found 22 out about, whether I found out about it in March of 23 2004 or sometime later. So I do specifically recall 24 the London case and the Swiss case and was checking 25 out the Swiss case and conforming with what he had</p>

<p style="text-align: right;">Page 193</p> <p>1 said.</p> <p>2 And my memory as to the tax case or</p> <p>3 bankruptcy case or criminal tax case, whatever that</p> <p>4 means in Italy, is less clear.</p> <p>5 Q. And what I'm trying to do is probe your</p> <p>6 memory to see what you recall about what steps were</p> <p>7 taken by whom when.</p> <p>8 A. Well, like I told you yesterday --</p> <p>9 MR. ELLIOTT: I don't think he has a</p> <p>10 question on the table just yet.</p> <p>11 A. I'm sorry.</p> <p>12 Q. What steps were taken by whom when?</p> <p>13 A. So I think we discussed this in some</p> <p>14 detail yesterday.</p> <p>15 Q. I want to push for a little more detail.</p> <p>16 A. If I answer you more quickly, it probably</p> <p>17 doesn't mean we're going to end more quickly so I</p> <p>18 should probably be a little more patient.</p> <p>19 Q. I know we touched on this yesterday, but</p> <p>20 as you acknowledged, your reaction of this is not as</p> <p>21 firm as it is of certain other matters, right?</p> <p>22 A. That's right. So what I do remember, and</p> <p>23 told you I remember clearly yesterday, was an</p> <p>24 allegation by Venezuela that one of the filings that</p> <p>25 he had a Bandagro note on his computer that he could</p>	<p style="text-align: right;">Page 195</p> <p>1 in this lawsuit was not correct.</p> <p>2 A. Not whatever they had been alleging, they</p> <p>3 had been alleging specifically that he -- in this</p> <p>4 case that it was shown or part of the record that he</p> <p>5 had a Bandagro note in his computer that he was</p> <p>6 filling out, and that was not true.</p> <p>7 Q. You formed the view that Venezuela's</p> <p>8 characterization of the Italian criminal proceeding</p> <p>9 was incorrect in that respect.</p> <p>10 A. Certainly in that respect for sure. And</p> <p>11 so then you asked me yesterday what else did you find</p> <p>12 out. And I said that's really what stands out</p> <p>13 clearly in my mind.</p> <p>14 So, and to the extent as to when or what</p> <p>15 else I remember about that particular case, I</p> <p>16 remember learning that there was such a case, I</p> <p>17 remember learning that it was going -- it was on</p> <p>18 appeal when I learned about it, so that might give</p> <p>19 you a timeframe. And that's about all I remember</p> <p>20 about it.</p> <p>21 Q. And you made reference to somebody named</p> <p>22 Cajelli. Who was that?</p> <p>23 A. I think his lawyer in Italy's name was</p> <p>24 Cajelli for that case.</p> <p>25 Q. Pavanelli's lawyer.</p>
<p style="text-align: right;">Page 194</p> <p>1 fill in.</p> <p>2 And so we went to the court, I think I saw</p> <p>3 this name here, Cajelli, and I think there was a</p> <p>4 lawyer named Cajelli that we interacted with and got</p> <p>5 those records and found out that allegation was</p> <p>6 false.</p> <p>7 So what else --</p> <p>8 Q. Excuse me for just one second. You're</p> <p>9 saying the allegation was false or the finding by the</p> <p>10 Italian court was false?</p> <p>11 A. I'm saying the allegation by Venezuela</p> <p>12 that Pavanelli had a Bandagro note on his computer</p> <p>13 making it look like he was filling out false</p> <p>14 documents, that he did not, and that was not what was</p> <p>15 the case. That's what we discussed.</p> <p>16 Q. Excuse me for us one more second just so I</p> <p>17 understand what you're saying. You're saying that</p> <p>18 some allegation that Venezuela had made in this</p> <p>19 lawsuit?</p> <p>20 A. Correct.</p> <p>21 Q. You sought to confirm by your own</p> <p>22 independent examination of the Italian court records</p> <p>23 or the independent investigation of somebody working</p> <p>24 for you, and based on that determination you formed</p> <p>25 the opinion that whatever Venezuela had been alleging</p>	<p style="text-align: right;">Page 196</p> <p>1 A. I believe. That strikes a bell, if you</p> <p>2 will.</p> <p>3 Q. And did you or somebody working for you</p> <p>4 interact directly with Cajelli?</p> <p>5 A. I think the attorneys interacted with each</p> <p>6 other, Alcalde and Cajelli.</p> <p>7 Q. When did that happen?</p> <p>8 A. Again, I just don't remember.</p> <p>9 Q. Did you get a report from Alcalde and his</p> <p>10 dealings with Cajelli?</p> <p>11 A. I know that it did happen in connection</p> <p>12 with that filing by Venezuela. It obviously was</p> <p>13 subsequent to the filing of the case, this specific</p> <p>14 event. So other than that, I don't know how to say</p> <p>15 when right now. I just don't remember when.</p> <p>16 Q. Do you know if Alcalde obtained documents</p> <p>17 from Cajelli?</p> <p>18 A. I think he did. I'm not sure but he may</p> <p>19 have.</p> <p>20 Q. What kind of documents?</p> <p>21 A. In my mind's eye I either -- I don't know.</p> <p>22 Q. That would be a question for Alcalde?</p> <p>23 A. Yeah, if he remembers, yes.</p> <p>24 Q. Did Pavanelli ever tell you why he didn't</p> <p>25 file a lawsuit in the United States on behalf of</p>

<p style="text-align: right;">Page 197</p> <p>1 Gruppo Triad to attempt to enforce any of his other 2 purported notes? 3 A. No. 4 Q. Did you ever ask? 5 A. Well, I don't think it ever occurred to me 6 to ask. 7 MR. SCHWARTZ: Let's take a break for a 8 few minutes. 9 VIDEOGRAPHER: Off the record 3:08. 10 (Recess taken.) 11 VIDEOGRAPHER: On the record 3:25. 12 Q. Mr. Richards, I'd like you to turn back to 13 Exhibit 9. It's a document we looked at yesterday 14 briefly. You doing okay? 15 A. Just tangled up a little bit there. Okay. 16 Q. No. 9, please. 17 A. Yes, okay. 18 Q. This is the EUniversal.com article from 19 January 28th of 2004, and as you may remember, it 20 has the ribbon at the bottom of the first page with 21 the Valentine's Day 2004 indication that this 22 document was copied or downloaded to a desktop. 23 Remember this one? 24 A. Yes. 25 Q. You're here today testifying as the Rule</p>	<p style="text-align: right;">Page 199</p> <p>1 from his own knowledge, and I don't really mean to 2 ask him the same question in that respect repeatedly, 3 but this is something we are entitled to know. 4 Let me mark the other documents, let's see 5 if he knows anything about them, and then we can see 6 if you want to think about having a colloquy with him 7 off the record and see if that changes things. 8 So here's Exhibit 24, let's mark that. 9 (RICHARDS/SKYE EXHIBIT 24 WAS MARKED.) 10 Q. All right, Mr. Richards, I'm showing you 11 Exhibit 24, and as foreshadowed, this is another 12 EUniversal.com article. This one comes from 13 the 30th of November 2003, but like Exhibit 9, 14 you'll see this has a similar ribbon at the bottom 15 reflecting that on Valentine's Day, February 14, 16 2004, somebody downloaded this or copied it to a 17 desktop. This document, like Exhibit 9, bears a Skye 18 Bates Stamp, in this instance 0002025. 19 Do you recognize this document? 20 A. No, I don't. But I do see that you're 21 correct, that it has the same marking at the bottom. 22 Q. Do you have any knowledge as you sit here 23 today as the Rule 30(b)(6) designated witness of Skye 24 Ventures how this document came to be downloaded and 25 came to be in the files of Skye Ventures?</p>
<p style="text-align: right;">Page 198</p> <p>1 30(b)(6) representative of Skye Ventures, the 2 plaintiff, so in that capacity do you know how this 3 document ended up in the files of Skye Ventures? 4 A. I do not. 5 Q. How could you figure that out? 6 A. Well, so since when we discussed this 7 document yesterday I said I didn't think I'd ever 8 seen it before, right. So if we produced it, if my 9 attorneys produced it, I would ask my attorneys where 10 did they get the document. And then I would go to 11 that person and ask that person where did you get the 12 document. That's what I would do. 13 MR. SCHWARTZ: I'm thinking maybe you 14 ought to do that. Because let me suggest to counsel, 15 there's a handful of documents that have been 16 produced with a similar such ribbon and I'm going to 17 mark them all and show them to Mr. Richards and I'll 18 do that first, but while I'm doing that maybe you 19 gentlemen on the other side of table could consider 20 whether you may be able to assist Mr. Richards in 21 answering that question, with there being of course 22 no suggestion that that would be a waiver of the 23 privilege. 24 But he's here under 30(b)(6), he should be 25 able to answer that question, it's obvious he can't</p>	<p style="text-align: right;">Page 200</p> <p>1 A. Nope. Never seen it before. 2 Q. You can set that document aside for now. 3 I'll mark another one. It's going to look the same 4 or substantially the same. 5 A. Okay. 6 (RICHARDS/SKYE EXHIBIT 25 WAS MARKED.) 7 Q. Mr. Richards, do you have in front of you 8 Exhibit 25 now? 9 A. Oh, I thought we were doing 24. Okay, 25. 10 Q. I'm showing you Exhibit 25. This is 11 another document with a Skye production number on it, 12 002007. It's another article from EUniversal.com, 13 this one is dated the 17th of November 2003. 14 Like Exhibit 24 and like Exhibit 9, this 15 one has a ribbon with a Valentine's Day 2004 date on 16 it reflecting that somebody downloaded or copied this 17 to a desktop on that date and I'd ask you do you 18 recognize Exhibit 25? 19 A. No, I do not. 20 Q. Have you ever seen this before? 21 A. I don't think I have. 22 Q. Do you have any idea how this document 23 ended up in the files of Skye Ventures? 24 A. I don't. I don't know that it was 25 anything other than my attorneys' files, if that's</p>

<p style="text-align: right;">Page 201</p> <p>1 the same thing to you, so.</p> <p>2 Q. Well, it's been produced by Skye Ventures</p> <p>3 so you're the representative here of Skye Ventures</p> <p>4 and I'm asking you whether you know how it ended up</p> <p>5 in Skye's files.</p> <p>6 MR. ELLIOTT: Can you tell me, Andrew --</p> <p>7 Q. And you don't know, right?</p> <p>8 A. I would say that I would doubt it was in</p> <p>9 Skye's files but it certainly could have been in</p> <p>10 Skye's attorneys' files.</p> <p>11 Q. And just so the record is clear on this,</p> <p>12 you don't know how it is that your attorneys came in</p> <p>13 possession of these documents and produced them to</p> <p>14 us.</p> <p>15 A. That's right.</p> <p>16 MR. ELLIOTT: Can you just identify for me</p> <p>17 which of the 30(b)(6) requests these exhibits pertain</p> <p>18 to? I'm not suggesting that you can't ask questions</p> <p>19 about this but I think there's a legitimate concern</p> <p>20 about whether or not this is the proper subject to</p> <p>21 testimony under the notice.</p> <p>22 And we don't need to deal with it</p> <p>23 immediately either, if you want to continue, as long</p> <p>24 as we can agree we don't waive our right to object as</p> <p>25 to this line of questioning, we can continue on and</p>	<p style="text-align: right;">Page 203</p> <p>1 And to the extent this came from Crabbe,</p> <p>2 Brown & James, it would be swept into No. 16.</p> <p>3 To the extent it came from Gruppo Triad,</p> <p>4 which I can see there's a long shot, it would come</p> <p>5 within No. 14.</p> <p>6 It bears on No. 25. Fairly specifically</p> <p>7 comes within No. 27. Talks about the Ministry of</p> <p>8 Finance statements, you could see just if you look at</p> <p>9 that headline, even if you can't speak Spanish, which</p> <p>10 I can't, but if you look at the headline of the last</p> <p>11 exhibit, 25, seems to involve activities of the</p> <p>12 Ministry of Finance concerning the validity or</p> <p>13 invalidity of the notes.</p> <p>14 And then last but not least, and probably</p> <p>15 most directly relevant, No. 35, Skye's efforts to</p> <p>16 collect documents responsive to the document</p> <p>17 requests. This one here was produced pursuant to a</p> <p>18 document request and we're trying to find out how it</p> <p>19 got here.</p> <p>20 MR. ELLIOTT: And I don't want to play</p> <p>21 games with words, but "efforts to collect" is</p> <p>22 different to me than "where documents came from."</p> <p>23 But having said that, I get what you're saying. I</p> <p>24 don't necessarily agree with it but what we'll do is</p> <p>25 talk to Mr. Richards and see if we can resolve this.</p>
<p style="text-align: right;">Page 202</p> <p>1 we can talk about it at a break.</p> <p>2 MR. SCHWARTZ: Well, I don't have further</p> <p>3 questions of Mr. Richards regarding these documents</p> <p>4 because I think it's pretty clear we've exhausted his</p> <p>5 knowledge, but it's not inappropriate in the Rule</p> <p>6 30(b)(6) scenario for the designee to consult with</p> <p>7 counsel who may have information of a nonpriveleged</p> <p>8 nature concerning the source of information.</p> <p>9 MR. ELLIOTT: Agreed.</p> <p>10 MR. SCHWARTZ: I'm not trying to invade</p> <p>11 the privilege, I just want to know where the</p> <p>12 documents came from.</p> <p>13 MR. ELLIOTT: I know. What I'm saying is</p> <p>14 can you point me to the request that this pertains to</p> <p>15 and we can certainly have a dialogue with</p> <p>16 Mr. Richards at a break.</p> <p>17 MR. SCHWARTZ: Yeah, I'm happy to do that.</p> <p>18 Let me see if I can quickly identify a topic.</p> <p>19 At a minimum No. 11, the due diligence</p> <p>20 Skye conducted before it purchased the notes, that's</p> <p>21 the first one I'm seeing that jumps off the page.</p> <p>22 It may also tie to No. 12, Skye's</p> <p>23 investigations if any concerning a variety of</p> <p>24 subjects, including the authenticity of the notes and</p> <p>25 any other notes.</p>	<p style="text-align: right;">Page 204</p> <p>1 Q. (By Mr. Schwartz) We'll show you one more in</p> <p>2 a similar vein. Let's mark Exhibit 26. This one's a</p> <p>3 little different actually, similar but different.</p> <p>4 (RICHARDS/SKYE EXHIBIT 26 WAS MARKED.)</p> <p>5 Q. Let me ask you to look at Exhibit 26</p> <p>6 please, Mr. Richards. Is that document in front of</p> <p>7 you?</p> <p>8 A. Yes.</p> <p>9 Q. So this is a two-page document that's</p> <p>10 different than Exhibits 25, 24, and 9 in the sense</p> <p>11 that it's in English translation, albeit a crude one,</p> <p>12 of another El Universal article dated Monday,</p> <p>13 the 17th of November 2003.</p> <p>14 And this one, if you look at the ribbon at</p> <p>15 the bottom of the first page, it's also on the second</p> <p>16 page, this was apparently downloaded or copied to a</p> <p>17 computer on March 16, 2004. So roughly a month after</p> <p>18 the Exhibits 25, 24, and 9.</p> <p>19 Like those other three, though, this has</p> <p>20 got a Skye Bates No. 001975 and 1976. So it's</p> <p>21 another document that was produced to us by Skye's</p> <p>22 counsel, looks like somebody attempted to obtain a</p> <p>23 translation of it perhaps through Babelfish or</p> <p>24 AltaVista.com and I'm wondering if you can shed any</p> <p>25 light on how this document ended up in the files of</p>

<p style="text-align: right;">Page 205</p> <p>1 Skye Ventures.</p> <p>2 A. Like the others, like these series of</p> <p>3 documents that we've already talked about, I don't</p> <p>4 know if or -- I don't know if or when our attorneys</p> <p>5 got possession of those or how they got possession of</p> <p>6 them, if they produced them to you. So my knowledge</p> <p>7 is very limited there. In fact, is nonexistent.</p> <p>8 Q. Just so the record is clear, as best you</p> <p>9 can recall until the deposition began yesterday,</p> <p>10 you'd never seen Exhibits 9, 24, 25, or 26 before; is</p> <p>11 that right?</p> <p>12 A. I don't recall seeing them, no.</p> <p>13 Q. You testified yesterday that one task that</p> <p>14 Sitrick was going to perform in exchange for its</p> <p>15 interest in notes 7/12 and 8/12 was monitoring press</p> <p>16 coverage in Venezuela, correct?</p> <p>17 A. Correct.</p> <p>18 Q. Did these documents end up with Skye</p> <p>19 Ventures as a result of work Sitrick was doing?</p> <p>20 A. I don't think so because the dates here</p> <p>21 that these were printed I don't think he was working</p> <p>22 for me. But at the same time he might have acquired</p> <p>23 them from someone who could have been, but I don't</p> <p>24 think so.</p> <p>25 Q. The dates of February 14, 2004, and</p>	<p style="text-align: right;">Page 207</p> <p>1 A. Well, I don't want to get hung up like we</p> <p>2 have a couple times today on like technical words</p> <p>3 "engage," but they started helping me in October, end</p> <p>4 of October of 2003.</p> <p>5 Q. Was Mr. Alcalde a partner at Crabbe-James</p> <p>6 at that time?</p> <p>7 A. Crabbe, Brown & James, I'm pretty sure he</p> <p>8 was, yes. Certainly Kennedy was.</p> <p>9 Q. And eventually became one of the lawyers</p> <p>10 who represented Skye in this litigation, correct?</p> <p>11 A. He filed, for sure.</p> <p>12 Q. What role did Mr. Alcalde play in the due</p> <p>13 diligence process?</p> <p>14 A. Well, there was obviously a tremendous</p> <p>15 amount of information in Spanish and he was fluent</p> <p>16 both in speaking and reading it. So I believe that</p> <p>17 everything we obtained in Spanish he was able to read</p> <p>18 and analyze. So, and we had, again, we had so many</p> <p>19 documents.</p> <p>20 So he had read the Attorney General's</p> <p>21 opinion and translated sections of it. We ultimately</p> <p>22 obtained the Minister of Finance report and the</p> <p>23 administrative record, so he had read all of that or,</p> <p>24 you know, didn't read it all at one sitting, it was a</p> <p>25 lot of documents.</p>
<p style="text-align: right;">Page 206</p> <p>1 March 16, 2004, precede when Sitrick began to work</p> <p>2 for Skye Ventures?</p> <p>3 A. I think so, yes.</p> <p>4 MR. SCHWARTZ: All right, so addressing</p> <p>5 counsel, with the foundation that we've been able to</p> <p>6 establish here and the limitations on the witness'</p> <p>7 knowledge, we would ask when we take one more break</p> <p>8 here today that you confer and see if there's some</p> <p>9 way we can obtain an answer while the deposition is</p> <p>10 still ongoing today from the 30(b)(6) witness perhaps</p> <p>11 better informed on this line of questioning as to</p> <p>12 where these documents came from.</p> <p>13 Otherwise what we will do is leave the</p> <p>14 deposition open with regard to that issue. The first</p> <p>15 such problem we've encountered of that nature.</p> <p>16 MR. ELLIOTT: I'm not sure it's a problem</p> <p>17 just yet. We'll deal with it at the break.</p> <p>18 MR. SCHWARTZ: Let's see if we can resolve</p> <p>19 it.</p> <p>20 Q. (By Mr. Schwartz) Mr. Richards, I want to</p> <p>21 get a better idea of the role that Mr. Alcalde</p> <p>22 performed for you in the due diligence process prior</p> <p>23 to the acquisition of notes 7/12, 8/12, and 9/12.</p> <p>24 When did you first engage Crabbe, Brown & James to</p> <p>25 assist in due diligence?</p>	<p style="text-align: right;">Page 208</p> <p>1 And then as we started talking to Jacir,</p> <p>2 which I believe was as early as the end of October of</p> <p>3 2003 since we began conversations with him, Alcalde</p> <p>4 conducted those conversations. And then when we went</p> <p>5 to visit Jacir, Alcalde conducted that.</p> <p>6 Alcalde went through rafts of documents</p> <p>7 with Jacir that were all in Spanish that Jacir</p> <p>8 pointed out to him and some of which -- all of</p> <p>9 which -- some of which we got eventually.</p> <p>10 And then throughout this he was</p> <p>11 performing -- working toward this idea that I'd asked</p> <p>12 them to determine is -- from the very beginning, is</p> <p>13 this Attorney General opinion, is it a final opinion,</p> <p>14 is it binding, can it be changed.</p> <p>15 And so he was working on reading the laws</p> <p>16 of Venezuela, he was talking to attorneys in</p> <p>17 Venezuela, I think most of whom we've discussed</p> <p>18 already. And reaching his own conclusions about the</p> <p>19 laws of Venezuela.</p> <p>20 And as the case was -- as the transaction</p> <p>21 was developing, he was giving me an ever-stronger</p> <p>22 opinion that the -- it appeared -- started out that</p> <p>23 it appeared it was final and binding and couldn't be</p> <p>24 changed and then that got stronger and stronger and</p> <p>25 stronger and was confirmed many, many times by many</p>

<p style="text-align: right;">Page 209</p> <p>1 different attorneys. So he was doing that. Most of 2 those attorneys spoke Spanish.</p> <p>3 So I would say generally that sort of 4 covers the process of what he did for me. You know, 5 without going into the day-to-day. I know he spent a 6 tremendous amount of time on it.</p> <p>7 Q. Is it fair to say that you we relied on 8 the work of Mr. Alcalde more so than any other 9 individual in making your investment decision to 10 purchase notes 7/12 and 8/12?</p> <p>11 A. I relied on his opinion, for sure. His 12 conclusion, right, that the Attorney General's 13 decision was -- excuse me -- was final, valid, and 14 binding, and couldn't be appealed. That's the key 15 thing I -- that was what everything was directed to.</p> <p>16 Q. And is it fair to say that you relied on 17 Mr. Alcalde more so than any other person in the 18 course of deciding to make this investment decision?</p> <p>19 A. Me personally, I relied on what Alcalde 20 concluded. But I think it was more of a sort of a 21 pass-through, a lot of things he'd learn from Jacir 22 and other lawyers like that. So my direct alliance 23 was on what Alcalde had learned through all of these 24 sources but also what I had learned too.</p> <p>25 Q. Is there any person you relied on more so</p>	<p style="text-align: right;">Page 211</p> <p>1 Q. In making the judgment ultimately to go 2 ahead with the transaction to purchase these 3 purported notes numbers 7/12 and 8/12.</p> <p>4 A. So I think I'd stand on my answer that I 5 just said as to whether it was more Alcalde or 6 Kennedy or more Jacir. It's hard for me to think 7 back. I know they're all very important. And but I 8 know in terms of relying on somebody to look at 9 something in Spanish and tell me what it said, I was 10 essentially near a hundred percent Alcalde. So I 11 don't know how to answer the question any differently 12 than that.</p> <p>13 Q. And a great deal of the underlying source 14 materials that needed to be analyzed were in Spanish, 15 correct?</p> <p>16 A. Correct.</p> <p>17 Q. Did you testify that eventually sometime 18 prior to late July of 2004 you received a formal 19 legal memorandum from Crabbe, Brown & James upon 20 which you relied?</p> <p>21 A. I know that I did receive a formal legal 22 memorandum. I don't recall saying it was before 23 July. I know that I received various opinions from 24 Alcalde, verbal and things that he sent me in emails 25 that said their conclusion, they had reached their</p>
<p style="text-align: right;">Page 210</p> <p>1 than Alcalde in the due diligence process?</p> <p>2 A. Well, to me the conclusion of Jacir that 3 the opinion was final and binding was very important. 4 I can't say how impressed I was with Jacir when I 5 visited him. Even though I didn't understand what he 6 said, you know, he was an author, he was a Supreme 7 Court magistrate, he seemed like a good family man, 8 and he -- I had no doubt he reached his conclusion 9 with a strong internal belief and that it was an 10 educated opinion. So I relied on that a lot.</p> <p>11 And certainly I relied on Alcalde and 12 Crabbe-Brown's opinion a lot to make the final 13 decision to go through with the full investment.</p> <p>14 And other than that, in terms of Kennedy 15 has what I think is great judgment and he was 16 intimately involved all the time, so relying on his 17 legal judgment was really important to me.</p> <p>18 And I think those were the sort of the -- 19 we had to isolate of all these many, many things that 20 we did and looked at and relied on, those were I 21 think the three primary things.</p> <p>22 Q. Can I ask the question I asked a moment 23 ago: Was there anybody you relied on more than 24 Alcalde?</p> <p>25 A. For what I guess is the question.</p>	<p style="text-align: right;">Page 212</p> <p>1 conclusion that was final and binding but the 2 transaction could be enforced in the United States 3 courts, which was also important to me.</p> <p>4 And I think there was a process from maybe 5 as early as April or May that began the preparation 6 of the opinion that concluded in the final one. I 7 just don't remember exactly when I got the final one.</p> <p>8 Q. Did you get the final one before you 9 agreed to purchase notes 7/12 and 8/12?</p> <p>10 A. I had their final opinion. Whether it was 11 in this final written format, but I had their firm 12 opinion in writing.</p> <p>13 Q. In writing?</p> <p>14 A. In email writing or other writing. I'd 15 seen drafts of it that might not have been -- needed 16 some cleaning up.</p> <p>17 Q. How many different drafts of it did you 18 see?</p> <p>19 A. Certainly more than one. Maybe less than 20 five or ten. It was a back and forth I think.</p> <p>21 Q. What was the length of the final opinion?</p> <p>22 A. I don't remember.</p> <p>23 Q. More than ten pages?</p> <p>24 A. I don't remember.</p> <p>25 Q. To the best of your knowledge when did you</p>

<p style="text-align: right;">Page 213</p> <p>1 receive the final opinion?</p> <p>2 A. I think I'd stand on what I just said,</p> <p>3 that if you said I guessed end of July, might have</p> <p>4 been then. But I don't remember.</p> <p>5 Q. Before you agreed to purchase notes 7/12</p> <p>6 and 8/12?</p> <p>7 A. Let me repeat what I just said: There was</p> <p>8 a firm and final opinion from Alcalde, whether it was</p> <p>9 in form of this longer writing that I remember that</p> <p>10 was also prepared, that the Attorney General decision</p> <p>11 was final and binding, could not be reversed in the</p> <p>12 law of Venezuela, and could be enforced in the United</p> <p>13 States before we filed the lawsuit.</p> <p>14 Q. What about before you bought notes 7/12</p> <p>15 and 8/12?</p> <p>16 A. Yes, before we proceeded.</p> <p>17 Q. Before you bought the notes.</p> <p>18 A. Yeah.</p> <p>19 Q. And you relied on that memorandum in</p> <p>20 making the decision, or that email or whatever it was</p> <p>21 that had the firm conclusion before purchasing the</p> <p>22 notes?</p> <p>23 A. I relied on Alcalde's opinion. Whether it</p> <p>24 was delivered to me verbally in discussions or I'm</p> <p>25 sure there were many discussions about it back and</p>	<p style="text-align: right;">Page 215</p> <p>1 A. I don't remember.</p> <p>2 Q. Have you ever made any effort to talk to</p> <p>3 Alfredo Aagard?</p> <p>4 A. Yes.</p> <p>5 Q. When?</p> <p>6 A. It was after the filing of the lawsuit,</p> <p>7 for sure. I forget exactly how I located, or we,</p> <p>8 Crabbe-Brown located Aagard. Or when. But I know</p> <p>9 it's before today that we spoke to him.</p> <p>10 Q. Who spoke to him?</p> <p>11 A. I believe it was Alcalde that spoke to</p> <p>12 him.</p> <p>13 Q. Only Alcalde?</p> <p>14 A. I think I might have spoken to him one</p> <p>15 time, I can't -- I remember him I think I did talk to</p> <p>16 him but I don't know if it was different from the</p> <p>17 time with Alcalde but I remember at least once being</p> <p>18 there, whether it was a time with Alcalde or by</p> <p>19 myself.</p> <p>20 Q. Where did this take place?</p> <p>21 A. I think it was a phone. I've never met</p> <p>22 the man in person.</p> <p>23 Q. When did this occur?</p> <p>24 A. Again, I said it was sometime after '05 or</p> <p>25 '06 and before today. I don't remember. Hadn't been</p>
<p style="text-align: right;">Page 214</p> <p>1 forth about this topic. It wasn't something</p> <p>2 isolated.</p> <p>3 Q. Over the course of the last two days we</p> <p>4 discussed at some length the efforts you made before</p> <p>5 agreeing to purchase notes 7/12 and 8/12. Is there</p> <p>6 any other type of due diligence you conducted that</p> <p>7 you haven't testified to yet either yesterday or</p> <p>8 today?</p> <p>9 A. I was trying to respond to your questions</p> <p>10 normally, but I don't know if we covered everything</p> <p>11 specific, but there was, as I told you, there are</p> <p>12 many, many, many, many documents and it was -- we</p> <p>13 had, Alcalde had or Crabbe-Brown had Pica</p> <p>14 investigating things, we got stuff there. So I think</p> <p>15 other than that sort of long process that we</p> <p>16 discussed and the various trips, I think we've pretty</p> <p>17 well covered it is what I think.</p> <p>18 Q. Let me ask you just a few more specific</p> <p>19 questions. Did you at any point talk to an Alfredo</p> <p>20 Aagard in the course of your investigation?</p> <p>21 A. No.</p> <p>22 Q. Did you make any effort to talk to Alfredo</p> <p>23 Aagard?</p> <p>24 MR. ELLIOTT: During the investigation?</p> <p>25 Q. Yes.</p>	<p style="text-align: right;">Page 216</p> <p>1 very recently. So maybe a few years ago.</p> <p>2 Q. After the lawsuit was brought?</p> <p>3 A. Yes.</p> <p>4 Q. What precipitated the call?</p> <p>5 A. I don't remember.</p> <p>6 Q. Was there anybody else who participated in</p> <p>7 the discussion besides yourself and possibly</p> <p>8 Mr. Alcalde and Aagard?</p> <p>9 A. Since I'm having trouble remembering the</p> <p>10 exact even time of the conversation, I don't know.</p> <p>11 Q. How long did the conversation last?</p> <p>12 A. Wasn't that long. It was maybe a short</p> <p>13 period of time. I got a number of things flashing</p> <p>14 through my head about what might have happened. I'm</p> <p>15 just having very inconsistent.</p> <p>16 Q. Well, why don't you share them with us.</p> <p>17 A. Well, I think it was a very short call.</p> <p>18 My recollection is that he was in Venezuela and</p> <p>19 wanted to leave Venezuela before he had any</p> <p>20 meaningful interaction with us. And that he was</p> <p>21 going to leave Venezuela.</p> <p>22 And then so I think that was the gist of</p> <p>23 it; he wasn't -- he sounded like he was interested in</p> <p>24 telling the story but I don't think he told us the</p> <p>25 story in that meeting.</p>

<p style="text-align: right;">Page 217</p> <p>1 Q. When you say "meeting," you mean telephone 2 call? 3 A. Telephone call, telephone meeting. 4 Q. What do you mean when you say he wanted to 5 leave Venezuela before interacting with you? 6 A. He expressed some fear that if he spoke up 7 about what happened in Bandagro, he'd be arrested. 8 Q. What else did he say? 9 A. I think that's what I remember. 10 Q. And he indicated to you he was going to 11 leave the country? 12 A. Yes. 13 Q. Do you know if he ever did? 14 A. Yeah, he did. 15 Q. Where did he go? 16 A. I think he went to Switzerland, I believe. 17 Q. When? 18 A. Again, I don't know. 19 Q. After this one call that you're 20 describing, did you have any additional interaction 21 with him? 22 A. I think counsel did. 23 Q. Alcalde? 24 A. He was -- he could speak English, so it's 25 possible it was Alcalde or someone else at Crabbe,</p>	<p style="text-align: right;">Page 219</p> <p>1 the witness not to answer. 2 Q. As far as you're aware, how many such 3 conversations, whether they were telephonic or 4 meetings, did anybody from Crabbe, Brown & James have 5 with Aagard? 6 A. I know there was at least one. There 7 might have been more than one but I know there was at 8 least one. 9 Q. What's the best you can do to pinpoint 10 when that occurred in time? 11 A. I'm having trouble putting in context of 12 anything else that happened, so normally you can 13 think of something that happened and in relation to 14 something else in context. I'm just having trouble 15 thinking of this or other than one-off kind of event. 16 It could have occurred anytime. I think was after 17 2006. And it could have occurred anytime until 18 recently. 19 Q. To the best of your knowledge have your 20 attorneys at Cooper & Elliott spoken to Aagard? 21 A. Yes. 22 Q. When did that happen? 23 A. I don't know. 24 Q. How long ago? 25 A. I believe it was within the last couple of</p>
<p style="text-align: right;">Page 218</p> <p>1 Brown and Jones -- James, sorry. 2 Q. When did that occur? 3 A. I don't know. 4 Q. Did you get a report from Crabbe, Brown & 5 James as to any conversation they had with Alcalde? 6 A. Yes, I did. 7 Q. What did you learn? 8 MR. ELLIOTT: No. That's privileged. 9 It's privileged and it's work product. 10 Q. Plus I asked the question improperly it 11 sounds like. 12 A. Always assume I know the question you're 13 asking. I got to be careful about that. 14 Q. Try to keep the players straight but every 15 once in a while after two days you can have a slip of 16 the tongue, so let me rephrase the question and then 17 your counsel will object and see where this goes. 18 Did you get a download from Crabbe, 19 Brown & James as to its conversation with Aagard? 20 A. Yes. 21 Q. What did they tell you? 22 MR. ELLIOTT: Objection, the communication 23 from Crabbe, Brown & James to Mr. Richards is 24 privileged. And in addition, they are reporting 25 attorney work product information. And I'll instruct</p>	<p style="text-align: right;">Page 220</p> <p>1 years. 2 Q. How many times has Cooper & Elliott spoken 3 to Aagard as far as you know? 4 A. At least once. 5 Q. Did you get a download from Cooper & 6 Elliott as to what Aagard told them? 7 A. I don't think I did at the time but I have 8 since in discussions about the case. 9 Q. I suspect that there will be an objection 10 to this question, but just so there's a record of the 11 objection, let me ask you this: What did they tell 12 you that Aagard told them? 13 MR. ELLIOTT: Objection both on privilege 14 and work product grounds. Instruct the witness not 15 to answer. 16 Q. Other than your -- 17 MR. ELLIOTT: I have to excuse myself, so 18 Mr. Cooper is going to take the mic. Just give me 19 one minute. 20 MR. LUCAS: Can we take a two-second 21 break. 22 MR. SCHWARTZ: Yeah, we might as well take 23 a break. 24 VIDEOGRAPHER: Off the record 4:01. 25 (Off the record.)</p>

<p style="text-align: right;">Page 221</p> <p>1 (Mr. Elliott leaves the deposition.) 2 VIDEOGRAPHER: We're back on the record 3 4:13. 4 Q. Mr. Richards, other than yourself and 5 Mr. Alcalde and the lawyers at Cooper & Elliott, has 6 anybody else who's been working for or with Skye 7 Ventures interacted with Mr. Aagard? 8 A. I don't think so, no. 9 Q. As best you know, where is Mr. Aagard 10 today? 11 A. I don't know where he is today. I know -- 12 I believe he went to Switzerland but that's about the 13 sum of my knowledge. 14 Q. When you met with Pavanelli and others in 15 Como in late March and early April of 2004, did they 16 give you documents concerning this notion that the 17 maturity date of the notes had been extended? 18 A. Perhaps. 19 Q. What documents did they give you regarding 20 that subject? 21 A. I don't know. I don't remember. I 22 remember, as I've said before, I remember I had this 23 large stack of documents and I don't think they could 24 have or would have given me -- I don't know. 25 Q. Have you retained whatever documents they</p>	<p style="text-align: right;">Page 223</p> <p>1 Alcalde, I don't recall us discussing that very 2 point. 3 Q. Have you ever heard the name Victor 4 Argais? 5 A. Yes. 6 Q. Do you understand that there's some 7 controversy in this case concerning whether 8 Mr. Argais ever existed? 9 A. I've heard that from my attorneys. 10 Q. Have you ever made any effort to determine 11 whether Victor Argais was a real person? 12 A. Me? 13 Q. Yes. 14 A. No. 15 Q. Has anybody working for you ever made any 16 effort to determine whether Victor Argais is a real 17 person? 18 A. Oh, I understand that that's an issue that 19 attorneys, that you guys are discussing or working on 20 now. 21 Q. That answer is not quite responsive to the 22 question. What I'm trying to find out is whether 23 you've made any effort or anybody working for you has 24 made any effort to determine whether this individual 25 is a real person.</p>
<p style="text-align: right;">Page 222</p> <p>1 gave you when you visited them in Como at that point 2 in time? 3 A. I believe I gave them to Alcalde after my 4 return. 5 Q. After you left Como in late March or early 6 April of 2004 did you have any further communications 7 with Pavanelli or Schianchi or Usuelli regarding this 8 issue of whether the maturity date had been extended? 9 A. Did I talk with them about that when I was 10 there? Is that the question? I'm sorry. 11 Q. No, after you left. 12 A. Oh, after I left. 13 Q. Did you communicate with them in any way 14 after you left? 15 MR. COOPER: About that topic or in 16 general? 17 Q. We've covered other communications while 18 you haven't been here, but about that topic, which we 19 haven't discussed. 20 A. Possibly. That's the best answer I can 21 give you. 22 Q. You have no recollection of the details of 23 any such discussion? 24 A. I don't of my own personal discussion. 25 Skye's discussion certainly when I was talking to</p>	<p style="text-align: right;">Page 224</p> <p>1 A. So I believe I said that -- I thought I 2 clearly answered that I had not, right. 3 Q. We've moved beyond you to people working 4 for you. 5 A. So to people working for me who we've 6 agreed are my attorneys, I think they have made 7 efforts in the case. They're doing stuff on that 8 issue I believe. 9 Q. Have you seen any evidence that Victor 10 Argais is a real person? 11 A. Well, I saw the fact that -- I understand 12 the fact and may have seen a document that said -- 13 that the Attorney General or the Ministry of Finance 14 produced that said he was involved in some way. So I 15 assume that he was a real person. 16 Q. What document are you referring to? 17 A. It was in regard to this topic that you're 18 discussing. I don't remember specifically what 19 document his name was in reference to but I think his 20 name came up in connection with this series of events 21 in the '90s that related to the extension of the 22 notes. 23 Q. Have you ever met with anybody who has 24 identified himself as Victor Argais? 25 A. No.</p>

<p style="text-align: right;">Page 225</p> <p>1 Q. Have you ever had a telephone conversation 2 with anyone who has identified himself as Victor 3 Argais? 4 A. No. 5 Q. Have you ever exchanged an email with 6 anybody who has identified himself as Victor Argais? 7 A. No. 8 Q. Have you ever exchanged correspondence 9 with anybody who's identified himself as Victor 10 Argais? 11 A. No. 12 Q. At any point since Larry Corna turned up 13 on your doorstep in 2003 have you seen any form of 14 written communication dated 2003 or later from 15 anybody purporting to be Victor Argais? 16 A. Again, no. I wasn't certainly focused on 17 that. 18 Q. Let's mark Exhibit 27. 19 (RICHARDS/SKYE EXHIBIT 27 WAS MARKED.) 20 Q. Mr. Richards, I'm showing you what's been 21 marked as Exhibit 27. This is a compilation of 22 documents that have been produced by Skye Ventures in 23 the case. The Bates Stamp range runs from 5830 until 24 5855. 25 Please take a moment, review these</p>	<p style="text-align: right;">Page 227</p> <p>1 Q. Did he have documents? 2 A. He had just two of the documents which I 3 think I saw in here. He had a couple of these type 4 of documents, the wire requests which he prepared and 5 sent to -- 6 Q. Just so the record is clear, can you just 7 identify the Bates page? 8 A. I'm sorry. He gave me or he had like a 9 couple of these documents that are similar to 10 Skye 005833 in which there are what we would call 11 them is a wire request. 12 Q. Had you previously communicated with 13 Mr. Gerace concerning whether he had any documents 14 that are relevant to this lawsuit? 15 A. Previous to today? 16 Q. Previous to the time you recently spoke to 17 him for purposes of gathering the documents 18 concerning payments to Gruppo Triad. 19 A. I think I had occasion to talk to him a 20 little while ago about clearing up the investor -- an 21 investor log record. And he had maintained those. 22 Q. When was that conversation? 23 A. I'm guessing about a year ago. 24 Q. Did he provide information to you at that 25 time?</p>
<p style="text-align: right;">Page 226</p> <p>1 documents, and then I'm going to have some questions 2 about them. You don't need to scrutinize each and 3 every one at the moment. 4 A. Okay, I won't then. I've looked at the 5 top page and I can kind of see generally what these 6 are, and then I see some more detailed things that 7 look like sort of agreements or acknowledgments in 8 there, and I see these wire instructions that I 9 mentioned to you sometime that Gerace would do for 10 me. And I see this Western Union thing that we 11 discussed. So I see, yes, that's generally speaking 12 that's what. 13 Q. Are these the documents that Skye Ventures 14 produced in this case after a recent court order was 15 entered requiring it to produce documents concerning 16 payments by Skye Ventures to Gruppo Triad? 17 A. These look like the documents that we were 18 able to locate and we gave to counsel, yes. 19 Q. What did you do to locate them? 20 A. Well, I looked on my computer, we looked 21 at -- we ruffled through the boxes and investor 22 records, we looked to see, we have some more recent 23 bank statements and we looked in those, and I met 24 with Rick Gerace to see what he had and what he could 25 remember.</p>	<p style="text-align: right;">Page 228</p> <p>1 A. I think he gave me the requested 2 information. I forget what it was, but. 3 Q. And the requested information was in the 4 form of documents? 5 A. I think it was in the form of -- it was a 6 specific thing and I think it was more of a question 7 as to certain investors' interest. 8 Q. Other than that relatively recent 9 interaction, at any point since you brought this 10 lawsuit in August of 2004 had you interacted with 11 Mr. Gerace to see whether he had any documents 12 available to him that are relevant to the issues in 13 the case? 14 A. I'm maybe not following the question. He 15 worked for me, you know, he worked for me through '04 16 and '05 and he kept a lot of the records so I would 17 talk to him about that, sure. 18 Q. But you understand that at various points 19 in this case Skye Ventures has produced documents to 20 the defendants as part of the litigation process? 21 A. Yeah. 22 Q. You're generally familiar, having spent 23 five or six years as a litigator, with this idea that 24 the parties in the case exchange documents, right? 25 A. Yes.</p>

<p style="text-align: right;">Page 229</p> <p>1 Q. In the context of that exercise had you</p> <p>2 ever previously spoken to Mr. Gerace about whether he</p> <p>3 had available to him documents that are relevant to</p> <p>4 the suit?</p> <p>5 A. I don't recall having done that.</p> <p>6 Q. Even when he worked for you?</p> <p>7 A. Well, you know, his was -- his were -- he</p> <p>8 had investor and payment records and his involvement</p> <p>9 wouldn't have been too much beyond that except beyond</p> <p>10 miscellaneous tasks.</p> <p>11 So I think until now we've always taken</p> <p>12 the position that it was irrelevant how much we paid</p> <p>13 for them and we objected to providing financial</p> <p>14 information. And until -- and I thought that was the</p> <p>15 correct position to take, it seemed to me. Because</p> <p>16 again, I've been of the position that it doesn't</p> <p>17 matter.</p> <p>18 But then we had this ruling recently where</p> <p>19 I guess the judge said that I had to bring suit, so</p> <p>20 that's when I went to see him.</p> <p>21 Q. What is this first page of Exhibit 27?</p> <p>22 A. This is a download from the CNBC website</p> <p>23 and I did this for 2004 I believe. I think I did it</p> <p>24 one or two times. Might have been twice and then</p> <p>25 combined them. But I got this information directly</p>	<p style="text-align: right;">Page 231</p> <p>1 the Skye Ventures account or did you pick and choose</p> <p>2 the ones you thought were relevant to the issues in</p> <p>3 this case?</p> <p>4 A. Well, I --</p> <p>5 Q. Or is there no difference between the two?</p> <p>6 A. I downloaded all the transactions. My</p> <p>7 only question when I was looking at this was this gap</p> <p>8 in '3 between March and July there are no</p> <p>9 transactions at all. So that question to me --</p> <p>10 that's why I said I might have downloaded them two</p> <p>11 separate occasions.</p> <p>12 But I might not have, there just might</p> <p>13 have been nothing, no transactions at that time. The</p> <p>14 best I remember is I did this at the end of 2004 in</p> <p>15 one download.</p> <p>16 Q. So this isn't something you did recently,</p> <p>17 this is something you had in your file, a hard copy</p> <p>18 of this?</p> <p>19 A. Yeah, I found it in my file.</p> <p>20 Q. Can you eyeball this first page and tell</p> <p>21 me which of the transactions reflect payments to</p> <p>22 Gruppo Triad?</p> <p>23 A. Yeah, we can certainly say the</p> <p>24 international wire and fee were wires to Gruppo, for</p> <p>25 sure. And then I don't know what "forced pay debit"</p>
<p style="text-align: right;">Page 230</p> <p>1 from the CNBC website, and.</p> <p>2 Q. What is CNBC?</p> <p>3 A. Commerce National Bank. It was the bank</p> <p>4 we were using in 2003 and '4.</p> <p>5 Q. Why didn't -- did you cease using that</p> <p>6 bank in 2004?</p> <p>7 A. Maybe. We did move to Fifth Third Bank.</p> <p>8 Q. When did you move to Fifth Third?</p> <p>9 A. I think it was '05 or '06. Probably I'm</p> <p>10 guessing '05.</p> <p>11 Q. So you were starting to say this is a</p> <p>12 download from the CNBC website for 2004.</p> <p>13 A. Yes.</p> <p>14 Q. What does it show?</p> <p>15 A. It just shows what the bank statements</p> <p>16 would have shown, you know, they have these entries</p> <p>17 on the bank statements. So they offered you a -- you</p> <p>18 could download transactions, as I recall. And I</p> <p>19 downloaded all the transactions for 2004.</p> <p>20 Q. Are these all the transactions -- strike</p> <p>21 that. Let me just start with this foundation</p> <p>22 question: For what bank account did you do this</p> <p>23 download?</p> <p>24 A. Skye Ventures I think.</p> <p>25 Q. Did you download all the transactions in</p>	<p style="text-align: right;">Page 232</p> <p>1 is. I have no idea what that is.</p> <p>2 So the things that go out of the account</p> <p>3 are wire fees and debit memos. So I don't know,</p> <p>4 again, where those are, except for it looks like --</p> <p>5 it looks like there's a 5,000 debit memo that might</p> <p>6 be consistent with the timeframe of the wire.</p> <p>7 Q. What are you looking at, which entry?</p> <p>8 A. 1/22/04. There's a wire in January of '04</p> <p>9 and that might be related to that, it might not have</p> <p>10 been the actual money used for the wire but it might</p> <p>11 be related to that.</p> <p>12 So I would think that -- I'm going down</p> <p>13 here looking at the debits. And so certainly the</p> <p>14 wire -- wires were things I would say went to Gruppo</p> <p>15 Triad. And I wouldn't say that I knew the rest of</p> <p>16 them went to Gruppo Triad.</p> <p>17 Q. So looking, for example, 12/23/04, there's</p> <p>18 a withdrawal of \$20,000, you can't say what that went</p> <p>19 to or for? Third-to-last entry.</p> <p>20 A. It looks like there was a transfer into</p> <p>21 the account and a transfer out of the account of</p> <p>22 \$20,000. And that -- was that the timeframe that we</p> <p>23 talked about there might have been a wire? No, that</p> <p>24 was '03. So I don't know, no, I don't know what that</p> <p>25 is. Nets out as a zero so I don't know what that is.</p>

David J. Richards - 30(b) 6

Page 233



Page 235

- 1 A. Yes, they do.
- 2 Q. So where are the wires for the other two
- 3 bond payments that appear on page 5831?
- 4 A. Well, I found this one per chance mixed in
- 5 with some other stuff. So this is the only one I
- 6 found.
- 7 Q. Take a look at page 5834.
- 8 A. Okay, I'm there. That's the one I was
- 9 actually just looking at.
- 10 Q. What is that document?
- 11 A. So we talked about documents like this
- 12 earlier when we were discussing, you'd asked me
- 13 whether I always got a deed of trust before I sent
- 14 him money and I said no, they were generally after,
- 15 and sometimes we would have an agreement prior to the
- 16 wire that we thought at least protected us, and this
- 17 is one of those documents. We were trying to get --
- 18 I think in here it says that he has the obligation to
- 19 issue the deed of trust and this was one of those
- 20 documents.
- 21 Q. This one was never signed though.
- 22 A. There may be a signed version but, and
- 23 there probably was, but I don't -- this one's not
- 24 signed, that's correct.
- 25 Q. To the best of your recollection you don't

Page 234

- 1 think in this Exhibit 27, Skye 005831.
- 2 Q. That's the \$20,000 there at the bottom?
- 3 A. Yeah, it's consistent with what we
- 4 discussed before.
- 5 Q. Where is the evidence, though, of the
- 6 actual wire?
- 7 A. I think we had discussed -- so first off,
- 8 I don't know that it was a wire or Western Union. I
- 9 think we discussed this topic yesterday about whether
- 10 it was a wire or a Western Union or some other form
- 11 of payment. But, again, you have all -- I don't have
- 12 anything other than what I've given you.
- 13 Q. Let me approach it this way, take a look
- 14 at page 5832.
- 15 A. Yeah. Yep.
- 16 Q. You see there's a debit for \$50,040 on
- 17 Commerce National Bank and that somebody's written
- 18 "wire for deed of trust" on it. Do you see that?
- 19 A. Yes.
- 20 Q. By the way, was that written recently or
- 21 was that historically there?
- 22 A. I found it like this.
- 23 Q. So now you turn back to page 5831 and you
- 24 can match that \$50,040 against the \$50,000 entry on
- 25 page 5831, right? Those things seem to correspond.

Page 236

- 1 have a signed version of the page that's Bates
- 2 stamped 5834? If you did, you would have produced
- 3 it?
- 4 A. If I did, I would have produced it. And
- 5 once you got the deed of trust, it was sort of
- 6 irrelevant.
- 7 Q. Do you know if this was ever signed, this
- 8 page?
- 9 A. I assume it was. My assumption is that
- 10 was signed, but again, I don't know specifically.
- 11 Q. Take a look at page 5837. Now, you'll see
- 12 this has a date of August 11th of 2004, right?
- 13 A. Yes.
- 14 Q. And do you remember that's the date of the
- 15 second Alcalde demand letter to the Ministry of
- 16 Finance which switches out notes 7 and 8 of 12 for 3
- 17 and 4 of 12?
- 18 A. I think that's right.
- 19 Q. Want to confirm that or do you recall it?
- 20 A. If it's important to you, it seems like it
- 21 might be, but yes, let me just double check that.
- 22 Can you tell me what exhibit that is by
- 23 any chance?
- 24 Q. 16.
- 25 A. 16. Yeah, August 11th of 2004.

59 (Pages 233 to 236)

<p style="text-align: right;">Page 237</p> <p>1 Q. And you'll recall we had a little 2 discussion about whether the date on Exhibit 16 3 helped you recall when it is that you actually agreed 4 to purchase notes 7/12 and 8/12, right? 5 A. Yeah, it helped me or confirmed my memory, 6 yeah. 7 Q. And now we see another document dated 8 August 11, 2004, which appears to reflect the 9 initiation of a wire transfer by Skye Ventures to 10 Schianchi. 11 A. Yes. 12 Q. When you put together Exhibit 16 with page 13 5837 here within Exhibit 27, does that help you 14 recall when it was in late July or August of 2004 15 that you actually agreed to purchase notes 7/12 and 16 8/12? 17 A. So you're saying these two documents, this 18 demand letter and this wire instruction? 19 Q. Yes, they're both dated August 11, 2004, 20 right? 21 A. Well, it's the same. It would have been 22 before August 11. They wouldn't tell me a whole lot 23 more than that. 24 Q. Would they tell you in what proximity to 25 August 11, 2004, you actually agreed to purchase</p>	<p style="text-align: right;">Page 239</p> <p>1 protecting whatever rights we'd agreed to in 2 connection with that wire. 3 Q. Looking at page 5839, this is some form 4 of memorandum from Pavanelli to you and Mr. Gerace, 5 right? 6 A. No, I think it was sent to him and he had 7 to sign it. So this, I think he is signing something 8 that we sent to him. He is not volunteering all of 9 this. 10 He's acknowledging that we paid for the 11 MAT transfer, he's agreeing to give us a difference 12 in the waterfall. So this is something that we sent 13 to him to sign before we would send him money to 14 protect our rights 15 Q. So page 5839 is a memorandum from 16 Pavanelli to you that you drafted for Pavanelli to 17 sign to you? 18 A. I wouldn't call it a "memorandum." Again, 19 I don't want to get hung up on these words. But it 20 is a piece of paper for sure that confers, I think 21 confers rights to Skye. I would call it one of these 22 wire agreements is what I would call it. 23 Q. I'm operating at a more basic level here. 24 It says from Pavanelli to Skye Ventures, right? 25 A. Yes.</p>
<p style="text-align: right;">Page 238</p> <p>1 notes 7/12 and 8/12? 2 A. Well, there's nothing in either of those 3 documents about that so it would not tell me. But I 4 think we've agreed already today that it was in early 5 August, probably in early August. And when I say 6 "late July or early August," it was more likely early 7 August. So long as subsequent to signing the 8 agreement it went smoothly to talk to him about the 9 arrangements to get the notes over. 10 Q. Take a look at page 5839 in this 11 Exhibit 27. Do you recognize this document? 12 A. Just looking at it without reading it, it 13 looks like another one of these documents that we 14 would send in connection with and before wiring him 15 money. 16 Q. You ought to take a closer look at it 17 because it doesn't appear that it was something you 18 sent to anybody. On the other hand, it does look 19 like it's something you may have received. 20 A. Well, this is the same -- this is the same 21 thing and I may have sent this to him because he's 22 crossed something out up here that might have said 23 "Dear Mr. Richards." 24 But, so, but it is the same thing, it was 25 in connection with sending him some more money and</p>	<p style="text-align: right;">Page 240</p> <p>1 Q. Are you testifying that you drafted this 2 for Pavanelli to sign and send back to you? 3 A. Yeah. I can't imagine it occurring any 4 other way, for sure. 5 Q. Take a look at the fax legend from 6 yesteryear at the top. What's AM Managed Care of 7 America? Is that one of the businesses you were 8 affiliated with? 9 A. EBRx was a subsidiary of a larger company 10 called Managed Care of America. So that was EBRx. 11 Q. So does it look to you like it is 12 something, albeit page 4 of something, that you faxed 13 Pavanelli, then he signed and faxed back to you? 14 A. Yeah, that might be the case. I don't 15 know why we wouldn't have sent it by email to him but 16 it seems like that's the way it went. 17 Q. Where did you find Skye 005839? 18 A. I think the same place I found all these 19 other agreements that I gave to the attorneys. 20 Q. And recognizing that in the upper 21 right-hand corner it appears that this was at one 22 point a four-page fax, do you have any idea where the 23 other three pages are? 24 A. Well, looks like the one that was sent to 25 him was a four-page fax and the one that he sent back</p>

<p style="text-align: right;">Page 241</p> <p>1 was a one-page fax. So I don't know what the four 2 pages, there probably was a cover page, so at least 3 two, and I don't know what else there was. Maybe 4 Rick might have included this wire thing because 5 we're talking about the wire thing in there. I don't 6 know what else he included. 7 Q. There's a reference in the second 8 paragraph to an investment/advisory contract between 9 Skye Ventures, Ambient Capital, and Gruppo Triad from 10 April of 2004. Do you see that? 11 A. Yes. 12 Q. What contract is that? 13 A. Well, I think we discussed this yesterday 14 also that they had engaged Skye and Ambient as well 15 through me to act on behalf of them to get -- to 16 raise money up to \$10 million to finance the notes in 17 some way, whether it was by a debt financing or a 18 sale, and Gary and I were working on that. 19 Q. But we haven't seen any agreement from 20 April of 2004 that would address that subject matter, 21 have we? 22 A. I didn't find any agreement, so. 23 Q. So what is this document talking about? 24 A. There obviously was some form of 25 agreement, whether it was oral or written, I don't</p>	<p style="text-align: right;">Page 243</p> <p>1 Q. Did you think it was necessary to get that 2 basic stuff in writing because you couldn't trust 3 him? 4 A. You know, I wouldn't say that. But I 5 would say he was a contentious guy. 6 Q. Did you think you could trust him? 7 A. Never -- tried not to -- I never made that 8 determination. 9 "Did you ever determine you couldn't trust 10 him," was that your question? 11 Q. I think you answered the question. 12 MR. COOPER: I don't know if he did. 13 A. I just wanted to make sure I understood 14 the question. 15 MR. SCHWARTZ: You want to read the 16 question back. 17 (Record read.) 18 A. Oh. Yeah, I mean, I did think I could 19 trust the guy for the most part. But again, as we've 20 discussed, so first off when you're in the business, 21 it's not just trust, it's trust and document, trust 22 and verify as best you can. 23 And so I would say that, again, aside from 24 his difficulty, him being in this tough spot where 25 he's behaving like most other people behave when they</p>
<p style="text-align: right;">Page 242</p> <p>1 know. My practice certainly with Pavanelli became 2 that everything had to be in writing, and I doubt 3 that I would have started in this process without 4 something written confirmation that we had a deal. 5 So, again, I don't know where it is. I 6 don't know. 7 Q. Did you look for it? 8 A. Yeah. Like I say, I looked in everything 9 I had. I even looked in files that weren't Bandagro 10 to see if there they were stuffed in there. 11 Q. Why is it that you needed to put 12 everything in writing with Pavanelli? 13 A. Well, you can see here that, and you'll 14 see this repeatedly through these agreements, that 15 you see that he acknowledges that we've paid this or 16 he acknowledges that we're the owner of notes, and it 17 was always because he was trying to -- he was a 18 difficult guy, he was trying to backtrack: Oh, 19 you're not the owner; oh, there are restrictions. 20 So you just keep saying that so you didn't 21 have -- and at one point I think we even made him 22 promise to stop saying stuff about Skye or Skye 23 Ventures, so we tried to -- we just tried to get that 24 basic stuff in writing so that it was clear what he 25 agreed to.</p>	<p style="text-align: right;">Page 244</p> <p>1 are in a similar tough spot, I thought he was an 2 honorable guy. That he would keep his word 3 ultimately. Even if there was a bunch of 4 remonstrations in the meantime. 5 Q. Did you ever reach a point where you 6 determined that you could not trust him? 7 A. No. 8 Q. That's true to this day? 9 A. Well, remember, I stopped dealing with the 10 guy way, way back when, so. 11 Q. As you sit here today in retrospect do you 12 think it was a mistake to trust him? 13 A. I -- 14 MR. COOPER: Just note an objection to 15 relevance. Go ahead and answer. 16 A. So if a guy told you ten things and nine 17 were true and one were not true, that would cause you 18 to have less trust. So I'm trying to think if he 19 ever told me something that wasn't true and I don't 20 recall anything specific. 21 The thing that was difficult with him was, 22 again, the same thing as I've said, shortage of funds 23 and his difficult personality. 24 Q. Wasn't there some point in time you 25 testified where he said you didn't own the notes that</p>

<p style="text-align: right;">Page 245</p> <p>1 you thought you'd purchased?</p> <p>2 A. I think he might have said that. I think,</p> <p>3 yes, of course, he said that.</p> <p>4 Q. Was that true?</p> <p>5 A. No, it wasn't true. It was never to, say,</p> <p>6 get him to sign another document which said that I</p> <p>7 owned the notes free and clear, which we did many</p> <p>8 times. It worked for him a couple of times that I --</p> <p>9 or, once I should say.</p> <p>10 Q. Looking at page 5839, this makes reference</p> <p>11 to the investments contract between Skye Ventures and</p> <p>12 Gruppo from April 2004, correct?</p> <p>13 A. Yep.</p> <p>14 Q. And that's the document that we've seen</p> <p>15 and we've looked at extensively already.</p> <p>16 A. Yeah.</p> <p>17 Q. That's been marked as Exhibit No. 12,</p> <p>18 right?</p> <p>19 A. Yes. Wait a minute. Yes.</p> <p>20 Q. Let me just ask you to look back one more</p> <p>21 time at that.</p> <p>22 A. Okay.</p> <p>23 Q. May not be the last time but it will be</p> <p>24 one of the last times for today.</p> <p>25 And if you look at the sixth whereas</p>	<p style="text-align: right;">Page 247</p> <p>1 Q. Right?</p> <p>2 A. I did.</p> <p>3 Q. So keeping in mind you didn't sign the</p> <p>4 body of Exhibit 12 until early August of 2004,</p> <p>5 between the time you left Como in early April of 2004</p> <p>6 and the time you signed Exhibit 12 did Gruppo provide</p> <p>7 any documents to you demonstrating that notes were</p> <p>8 extended for payment until 1999?</p> <p>9 A. So not to be picky about your question,</p> <p>10 but I think yesterday I testified that I signed this</p> <p>11 in April and -- or, in August and/or late July and</p> <p>12 this was the agreement. I did not say that I didn't</p> <p>13 sign it in April. I don't think I did. But I didn't</p> <p>14 testify that I didn't.</p> <p>15 So with that caveat, to answer your</p> <p>16 question, Gruppo provided us a lot of documents</p> <p>17 after -- so remember, the context is that when I came</p> <p>18 back from Como the first time, I had a lot of</p> <p>19 documents.</p> <p>20 Q. Right, couldn't even fit them in your</p> <p>21 suitcase.</p> <p>22 A. Like a thousand pages.</p> <p>23 Q. Trouble fitting them in your suitcase.</p> <p>24 We've been over this.</p> <p>25 A. Right, was a lot of documents, and I gave</p>
<p style="text-align: right;">Page 246</p> <p>1 clause, the one that reads "Whereas Gruppo has</p> <p>2 provided documents demonstrating the Notes were</p> <p>3 extended for payment until 1999 by officials of</p> <p>4 Venezuela."</p> <p>5 Do you see that, that whereas clause?</p> <p>6 A. Yes.</p> <p>7 Q. Had Gruppo provided any such documents to</p> <p>8 Skye Ventures after the meetings that you had in Como</p> <p>9 in late March and early April of 2004?</p> <p>10 A. Any such documents?</p> <p>11 Q. Any additional such documents?</p> <p>12 A. You mean documents related to this whereas</p> <p>13 as are described in this whereas clause or any</p> <p>14 documents at all?</p> <p>15 Q. Let me set the stage for this a little</p> <p>16 differently.</p> <p>17 A. Okay.</p> <p>18 Q. You've testified that you signed</p> <p>19 Exhibit 12 sometime in early August of 2004, right?</p> <p>20 We've been over this a lot of times.</p> <p>21 A. I did.</p> <p>22 Q. And then you changed the waterfall and you</p> <p>23 signed that again sometime give or take December</p> <p>24 2004.</p> <p>25 A. Yes.</p>	<p style="text-align: right;">Page 248</p> <p>1 those to Alcalde. And that started a process whereby</p> <p>2 we were gathering more and more information,</p> <p>3 including just shortly after that we flew to Caracas</p> <p>4 and got information from Jacir.</p> <p>5 Q. So you were gathering information from a</p> <p>6 variety of sources in that timeframe, I understand</p> <p>7 that.</p> <p>8 A. That's right. And so in that context I</p> <p>9 don't know if they sent us any other information on</p> <p>10 the payment other than what was already in the, you</p> <p>11 know, the administrative proceedings records.</p> <p>12 Q. What about the alleged extension? That's</p> <p>13 what I'm asking.</p> <p>14 A. Yeah, any, anything. I don't know because</p> <p>15 I believe all those papers were in the record I</p> <p>16 believe, so.</p> <p>17 Q. What record?</p> <p>18 A. The record for the administrative</p> <p>19 proceeding conducted by the administrative finance</p> <p>20 and the Attorney General.</p> <p>21 Q. I'm trying to ask a relatively narrow</p> <p>22 question, and that is whether at any point after you</p> <p>23 left Como in early April of 2004 before you signed</p> <p>24 Exhibit 12, I don't remember which one it is, 12,</p> <p>25 before you signed Exhibit 12 in August 2004, Gruppo</p>

<p style="text-align: right;">Page 249</p> <p>1 Triad gave you any documents concerning the alleged 2 extension of the maturity date to 1999. That 3 question clear? 4 A. Yeah. I think I know what you're asking 5 me and I'm obviously not answering like I want to. I 6 believe we got documents like this from Gruppo. When 7 I came back with all those documents in the end of 8 March and early April, it may have been in there or 9 it could have been at a later time. It was a 10 continuous effort to collect documents. 11 Q. So as you sit here today you're not sure. 12 A. I'm not sure, no. 13 Q. Take a look at page 5845 within this 14 Exhibit 27, please. You have that page in front of 15 you, 5845? 16 A. I was just noticing that there's a second 17 document on this September 23rd fax that relates to 18 it and which I didn't see, so. 19 Q. Do you need to amend your answer? 20 A. Well, I don't know because it looks as if 21 that -- it's the same -- looks as if it's the same 22 agreement and that -- well, okay. It looks as if 23 Schianchi was involved too, first he sent back this 24 thing with the phone approval, and perhaps we said 25 that's not good enough, find him and get him to sign</p>	<p style="text-align: right;">Page 251</p> <p>1 A. No, I don't. There might be a document 2 that I can use to remember that but I don't -- it's 3 not here. 4 Q. I want to ask you the same question about 5 page 5848, this one makes reference to an agreement 6 dated September 22, 2004. We haven't seen any such 7 thing. Do you have any idea what that's referring 8 to? 9 A. You're talking about 5848? 10 Q. Yes. There's a reference there, the 11 language in this on this page is similar to one of 12 the pages we just looked at except the date of the 13 agreement here is different. This one refers to 14 another date for an agreement which we don't have, 15 particularly one dated September 22, 2004, which is 16 attached hereto, except it's not attached hereto. 17 So I'm asking you if you have any idea 18 what agreement you entered into with Gruppo Triad on 19 September 22, 2004, because we can't tell from 20 anything you've produced to us. 21 A. Well, I don't know. It looks like a 22 two-page fax and it would have been a cover page, and 23 so if there wasn't a cover page, there could have 24 been another page that was attached hereto that would 25 have been obviously something short. Perhaps it was</p>
<p style="text-align: right;">Page 250</p> <p>1 it. That's all it is. Doesn't change anything that 2 we've discussed. 3 Q. All right, 5845. Here's a wire 4 instructions to Schianchi, looks like there's a David 5 Richards stamped signature of February 11, 2005; is 6 that right? 7 A. Yep. Yes. 8 Q. \$25,000 being wired to Schianchi in 9 conjunction with agreements. It says "If the 10 agreements are not signed immediately the \$25,000 is 11 to be returned to Skye immediately." 12 What agreements were those? 13 A. Unless there's some other agreements that 14 are about this time, I don't know. Might have been 15 just referring to this agreement, although that 16 doesn't seem likely to me. 17 Q. There haven't been any agreements produced 18 dated 2/11/05, that's why I'm asking this question. 19 A. Well, no, I don't think necessarily it 20 was -- the agreements were not, probably, most likely 21 but maybe not sent on 11 -- maybe this was something 22 that had been occurring and finally they said they'd 23 sign but we need \$25,000 to do this and we said okay, 24 here's 25, you have to sign the agreements. 25 Q. Do you know which agreements though?</p>	<p style="text-align: right;">Page 252</p> <p>1 a sort of a waterfall rep or something like that, but 2 again, I shouldn't guess or speculate, I don't know. 3 Q. We'll be asking when the deposition's over 4 with regard to these various agreements that are 5 referred to in the payment documents that have dates 6 that don't match any of the agreements for you to 7 redouble your efforts and see if you can find them. 8 A. I've looked pretty hard already. 9 Q. We're going to ask that you look again 10 because the dots don't connect with some of these 11 documents. That's why I'm asking you about it. 12 You can't -- the date September 22, 2004, 13 that's not ringing a bell in your mind as to the date 14 of any particular agreement, right? 15 A. Well, I remember we sent him some money 16 and changed the waterfall but that's what I recall. 17 Q. On that date in particular? 18 A. That timeframe. 19 Q. Let's take a look at page 5849. 20 A. Okay. 21 Q. Here we have a Western Union document 22 reflecting a wire transfer in some manner of 23 \$5,000 from David Richards to Schianchi of \$5,000. 24 And there is a receipt from Kroger. You see that? 25 A. Yes.</p>

<p style="text-align: right;">Page 253</p> <p>1 Q. Is this the -- does this document pertain 2 to the Larry Corna incident where he stole the 3 thousand dollars? 4 A. I wouldn't say that he stole. I don't 5 think that I said that he stole the thousand dollars. 6 I think he retained it as a commission and we 7 evidently disagreed whether he had a right to do 8 that. 9 Q. Does this document pertain to that 10 incident? 11 A. I think so, yes. 12 Q. Take a look at the next page, 5850. 13 Customer copy of some form of Western Union money 14 transfer and customer signature looks like yours. 15 Looks like it might be somebody writing "David 16 Richards." Is that your signature there? You have 17 to turn the page upside down and look at 5850. 18 A. I'm trying to see what this is. But if 19 your question is only -- 20 Q. I'll tell you what it is first, so you 21 understand it. It looks like it pertains to the 22 preceding page 5849 because the amount net of the 23 service fee to Western Union to Corna is \$215 so 24 you've got a \$5,000 transaction, net 215, comes out 25 on 4785. You see that number on page 5849 and you</p>	<p style="text-align: right;">Page 255</p> <p>1 A. In connection with that looking for 2 anything I had on payment, yes. Or it's possible 3 that Rick gave me this, so. 4 Q. When you asked him if he had anything 5 along these lines? 6 A. And we met. 7 Q. Recently. 8 A. Yeah. 9 MR. SCHWARTZ: We'll take a break here for 10 a few minutes, I think we have a little less than an 11 hour to go and we'll wrap it up in the final wave. 12 VIDEOGRAPHER: Off the record 5:07. 13 (Recess taken.) 14 VIDEOGRAPHER: On the record 5:21. 15 Q. Mr. Richards, is it Skye Ventures' 16 position that Venezuela entered into an agreement 17 with Gruppo Triad to extend the maturity date on 18 notes 7 of 12 and 8 of 12 in 1991 to 1999? 19 MR. COOPER: Object to the extent it calls 20 for a legal conclusion. You can answer. 21 A. I would state the situation as I 22 understand it a little differently than that. So 23 that I would not specifically say that. 24 Q. So your answer to that question is no? 25 A. I would not -- I would say I have a</p>
<p style="text-align: right;">Page 254</p> <p>1 see the same number on the form that's filled out on 2 page 5850. These seem to be of a piece. 3 You with me so far? 4 A. I see the 4785. 5 Q. 4785. 6 A. I'm dyslexic, so, yes. 7 Q. Now, with all that behind us, is this your 8 signature at the bottom of 5850 turned upside down? 9 A. It looks like it, yeah. 10 Q. So how did this transaction with Corna 11 happen? Did you actually go with him to Kroger? 12 A. No. He might have probably brought me 13 this piece of paper to sign. 14 Q. He brought you the Kroger form and you 15 signed it. 16 A. I assume so, yeah. 17 Q. Let me just ask you quickly about the last 18 page of these documents, 5855, what's that? 19 A. The very last page? 20 Q. Yeah. 21 A. I think that's a record we -- I might have 22 found on computer that I produced to the attorneys. 23 Q. Something you found recently after Judge 24 Kemp ordered Skye Ventures to produce the payment 25 documents?</p>	<p style="text-align: right;">Page 256</p> <p>1 position that's similar to that but not just exactly 2 as you said it. 3 Q. Can you answer my question? 4 A. If you could read it again or say it 5 again. 6 Q. Is it Skye Ventures' position that 7 Venezuela entered into an agreement with Gruppo Triad 8 to extend the maturity date on notes 7 of 12 and 8 9 of 12 from 1991 to 1999? 10 A. I believe that at some point they reached 11 such a consensus or agreement. 12 Q. When did that reach such an agreement? 13 A. So -- 14 Q. Let me just rephrase the question. 15 My question has nothing to do with a 16 consensus. My question has to do with an agreement. 17 So you've got a law degree, right? 18 A. I'm not a practicing lawyer, haven't been 19 for 20-some years. 20 Q. Do you have a law degree? 21 A. I graduated from law school, yes. And it 22 has not been taken back from me. 23 Q. And you've been a businessman for a long 24 time now, right? 25 A. Yes.</p>

Page 257	Page 259
<p>1 Q. And you've entered into many agreements</p> <p>2 either personally or on behalf of the companies with</p> <p>3 which you've been involved, right?</p> <p>4 A. I've entered all kinds of agreements,</p> <p>5 verbal, written, et cetera, sure.</p> <p>6 Q. You think you know what an "agreement" is?</p> <p>7 A. I think the legal definition of an</p> <p>8 "agreement" is a meeting of the minds.</p> <p>9 Q. Is it Skye's position that Venezuela</p> <p>10 entered into an agreement with Gruppo Triad to extend</p> <p>11 the maturity date on notes 7 of 12 and 8 of 12 from</p> <p>12 1991 to 1999; yes or no?</p> <p>13 A. Again, something like that but it might be</p> <p>14 easier for me to tell you what factually happened as</p> <p>15 opposed to reach a conclusion as to whether it was an</p> <p>16 agreement or not, but I think in essence there was,</p> <p>17 yes.</p> <p>18 Q. Was that agreement in writing?</p> <p>19 A. I don't think -- I've never seen a written</p> <p>20 agreement to that effect.</p> <p>21 Q. Do you believe that Venezuela entered an</p> <p>22 oral agreement with Gruppo Triad to extend the</p> <p>23 maturity date on notes 7/12 and 8/12 from 1991 to</p> <p>24 1999?</p> <p>25 MR. COOPER: Before you answer I want to</p>	<p>1 consensus to extend the notes"?</p> <p>2 A. Well, I mean, that obviously if it's</p> <p>3 Venezuela that makes the decision unilaterally</p> <p>4 whether they are going to pay or not, and so I</p> <p>5 believe there were oral discussions with Venezuela</p> <p>6 both before and immediately after or soon after</p> <p>7 concerning whether they were going to pay the notes.</p> <p>8 And I think it was discovered that they didn't have</p> <p>9 the ability to pay the notes.</p> <p>10 And I think there was discussion -- I</p> <p>11 think there was discussion as to what they would do</p> <p>12 and I think they went along with or agreed to or</p> <p>13 there was a consensus that they weren't going to do</p> <p>14 anything, the notes were extended.</p> <p>15 Now, I obviously don't read Spanish and I</p> <p>16 have not recently read what the Attorney General or</p> <p>17 the Ministry of Finance concluded as to exactly what</p> <p>18 happened. I do know that they said that the notes</p> <p>19 were extended until 1999 and I do know that they</p> <p>20 concluded that the statute of limitations did not bar</p> <p>21 the bringing of an action on the notes. So this is</p> <p>22 independent of that.</p> <p>23 You're asking me if I think that, you're</p> <p>24 not asking me if I think it's important or crucial or</p> <p>25 whether my diligence focused on it, but that's what I</p>
Page 258	Page 260
<p>1 make sure we're on the same page. Just for my own</p> <p>2 knowledge which topic are we on?</p> <p>3 MR. LUCAS: I think we should go off the</p> <p>4 record if we're going to do this.</p> <p>5 MR. SCHWARTZ: Yeah, I don't want to take</p> <p>6 the time to be combing through the records.</p> <p>7 MR. COOPER: Rather than do that, I can</p> <p>8 put a general objection to the extent it exceeds the</p> <p>9 scope.</p> <p>10 MR. SCHWARTZ: You can object. Obviously</p> <p>11 we're not acquiescing on the objection but your</p> <p>12 objection is noted.</p> <p>13 MR. COOPER: So back on the record then.</p> <p>14 THE WITNESS: I think we stayed on the</p> <p>15 record.</p> <p>16 MR. SCHWARTZ: We're on the record.</p> <p>17 VIDEOGRAPHER: Yeah, we are.</p> <p>18 Q. You want the question read back?</p> <p>19 A. Yes.</p> <p>20 Q. Please read it back.</p> <p>21 (Record read.)</p> <p>22 A. My understanding was there was oral</p> <p>23 discussions and essential basically consensus to</p> <p>24 extend the notes.</p> <p>25 Q. What do you mean when you say "essential</p>	<p>1 think, that's what I understand happened.</p> <p>2 Q. And in making that assertion what evidence</p> <p>3 are you relying on?</p> <p>4 MR. COOPER: Objection, exceeds the</p> <p>5 scope --</p> <p>6 A. Discussions with counsel --</p> <p>7 MR. COOPER: Make sure I get my objection</p> <p>8 out.</p> <p>9 THE WITNESS: I'm sorry.</p> <p>10 MR. COOPER: Objection, exceeds the scope</p> <p>11 of the 30(b)(6).</p> <p>12 MR. LUCAS: Rather than wasting time,</p> <p>13 we'll just give you a standing objection on that. It</p> <p>14 will be there. We've already agreed you can make</p> <p>15 objections other than to form afterwards.</p> <p>16 MR. COOPER: My only concern is that some</p> <p>17 of the judges in this District say there's no such</p> <p>18 thing as a standing objection.</p> <p>19 MR. SCHWARTZ: Let's not waste time</p> <p>20 arguing about it. If you want to object to every</p> <p>21 question, go right ahead.</p> <p>22 Q. (By Mr. Schwartz) Can you answer that one?</p> <p>23 A. I thought I answered it when he --</p> <p>24 Q. No, no, he interrupted, and I'm not</p> <p>25 suggesting he was trying to interrupt. Let's read</p>

<p style="text-align: right;">Page 261</p> <p>1 the question back.</p> <p>2 (Record read.)</p> <p>3 A. I think mostly discussions with counsel.</p> <p>4 I don't think I had -- I didn't have this discussion</p> <p>5 with Pavanelli or anybody at Gruppo.</p> <p>6 Q. Do you have any knowledge of any evidence</p> <p>7 to support your assertion that there was an oral</p> <p>8 agreement to extend the maturity date that you</p> <p>9 received from any source other than your lawyers?</p> <p>10 MR. COOPER: Same objection.</p> <p>11 A. My assertion wasn't that simple or black</p> <p>12 and white. I said there was discussions and oral</p> <p>13 consensus of some type reached that Gruppo didn't</p> <p>14 file action. That's my understanding.</p> <p>15 Q. And who participated in the discussions</p> <p>16 that you say gave rise to an oral consensus?</p> <p>17 MR. COOPER: Same objection.</p> <p>18 A. I think Gruppo had people working for them</p> <p>19 in Venezuela that had those. And I --</p> <p>20 Q. Who were they?</p> <p>21 A. I'm trying to think of their names but I</p> <p>22 don't remember.</p> <p>23 Q. Who participated in those oral discussions</p> <p>24 on the part of Venezuela or the Ministry of Finance?</p> <p>25 A. I don't know.</p>	<p style="text-align: right;">Page 263</p> <p>1 payments, one of 50,000 and one of 29,000.</p> <p>2 Q. So what is the total of the amount of</p> <p>3 money that you had paid to Gruppo Triad, Pavanelli,</p> <p>4 and Schianchi by the time you agreed to purchase</p> <p>5 notes 7/12 and 8/12 in early August of 2004?</p> <p>6 A. You're just talking only the cash</p> <p>7 consideration?</p> <p>8 Q. Yes, cash consideration.</p> <p>9 A. Looks to me as if it were, if 250's the</p> <p>10 correct eyeball-looking-at-it number for prior to</p> <p>11 3/31, it looks like it would be 330.</p> <p>12 Q. We're going to mark Exhibit 28.</p> <p>13 (RICHARDS/SKYE EXHIBIT 28 WAS MARKED.)</p> <p>14 Q. Mr. Richards, I'm showing you what's been</p> <p>15 marked as Exhibit 28. Please take a moment and</p> <p>16 review this document and let me know if you've seen</p> <p>17 this before.</p> <p>18 A. No, I haven't seen it before.</p> <p>19 Q. This is a letter -- translation, actually,</p> <p>20 of a letter from Schianchi to Carlos Delgado Morean.</p> <p>21 Do you recognize that name, Carlos Delgado Morean?</p> <p>22 A. Well, there's a Roman Delgado that I</p> <p>23 mentioned having met with in April, we talked about</p> <p>24 having met with Roman Delgado. So this, I don't know</p> <p>25 if this is the same person or not. Might be. But</p>
<p style="text-align: right;">Page 262</p> <p>1 MR. COOPER: Same objection.</p> <p>2 Q. By the time you first met Pavanelli in</p> <p>3 Como, Italy, in late March or early April of 2004,</p> <p>4 how much money had you paid to Gruppo Triad,</p> <p>5 Schianchi, or Pavanelli?</p> <p>6 A. Well, I know that by April I'd paid him</p> <p>7 approximately \$250,000. And that sometime in the</p> <p>8 course of this I had made -- before that I had made</p> <p>9 various payments that equated to that. And I'm</p> <p>10 looking at this register that I gave you that I</p> <p>11 downloaded from CNBC and it appears to say that -- by</p> <p>12 March 31st you're saying? When I went to Como?</p> <p>13 Q. Yes.</p> <p>14 A. When I went to Como it looks as if, if I</p> <p>15 were eyeballing it, yeah, looks like about 250 that I</p> <p>16 would have paid him by then.</p> <p>17 Q. And by the time you agreed to buy notes</p> <p>18 7/12 and 8/12 in early August of 2004, how much money</p> <p>19 had you paid to Pavanelli, Gruppo Triad, or</p> <p>20 Schianchi?</p> <p>21 A. Well, according to this register, it looks</p> <p>22 as if I had paid another \$80,000 cash. Well, no,</p> <p>23 take that back. Maybe -- no -- yeah, I would say it</p> <p>24 looks as if after 3/19 there were only, in terms of</p> <p>25 cash payments there were only two additional</p>	<p style="text-align: right;">Page 264</p> <p>1 this is also probably the Delgado that was referred</p> <p>2 to in the letter about the guy who had the buyers for</p> <p>3 the notes.</p> <p>4 Q. Had you ever received any information that</p> <p>5 Schianchi, on behalf of Gruppo Triad, was making an</p> <p>6 offer to anybody in the January 2004 timeframe along</p> <p>7 the lines of what's described in Exhibit 28?</p> <p>8 A. The only knowledge I had was generic that</p> <p>9 there was some banker --</p> <p>10 MR. COOPER: Hang on. Have you read his</p> <p>11 letter completely?</p> <p>12 THE WITNESS: No.</p> <p>13 MR. COOPER: Before you answer any</p> <p>14 questions about whether something's been done along</p> <p>15 the lines, I want you to read the letter entirely.</p> <p>16 THE WITNESS: Oh, "along the lines."</p> <p>17 A. So, yes, okay, I've read it.</p> <p>18 Q. In the early 2004 timeframe, let's say the</p> <p>19 first quarter of 2004 to be more precise, did you</p> <p>20 ever come to learn that Schianchi, acting on behalf</p> <p>21 of Gruppo Triad, was making an offer to anyone along</p> <p>22 the lines that are described in Exhibit 28?</p> <p>23 A. No. The only knowledge I had is what we</p> <p>24 had discussed yesterday generically.</p> <p>25 Q. Did you ever learn that in the first</p>

Page 265	Page 267
<p>1 quarter of 2004 Schianchi or Pavanelli or Gruppo 2 Triad were attempting to obtain the original 3 October 3, 2003, Attorney General opinion? 4 A. No. I don't even see where it says that 5 in there. 6 Q. Well, look at the end of the first 7 paragraph. You see the sentence that says 8 "Additionally, I can confirm that this transaction 9 will only take place after the original 'dictate of 10 the Public Prosecution of the Venezuelan Republic' 11 dated 3 (third) October 2003, (two thousand and 12 three) has been deposited with me, signed by the 13 Prosecutor Dr. Marisol Plaza?" 14 A. I see that. 15 Q. So did you know in the first quarter of 16 2004 that Gruppo Triad or Pavanelli or Schianchi or 17 some combination of them was -- were trying to obtain 18 the original October 3, 2003, opinion? 19 A. I didn't know that -- 20 MR. COOPER: Object to foundation. You 21 can answer. 22 A. I didn't know that. 23 Q. Did they ever tell you that they were 24 attempting to do that? 25 A. No. We had, Jacir had obtained copies by</p>	<p>1 Q. I'm not making that distinction, 2 Mr. Cooper is making that distinction. We don't 3 acquiesce on his objection but this is not the time 4 to argue about those things. I'm asking you what 5 advice from Alcalde did you rely on in making your 6 decision to purchase notes 7/12 and 8/12? 7 A. Okay. So -- 8 MR. COOPER: Same objection. 9 THE WITNESS: So should I answer? 10 MR. COOPER: Not to the extent it requires 11 you to divulge legal advice, but otherwise you can. 12 A. Well, I'm in a -- this is a case about 13 legal meanings of something so it's all legal. I 14 don't know what else to say. I think I've said 15 already in this deposition that I was relying on 16 Alcalde to tell me was the Attorney General decision 17 final and binding, was it irreversible under the law 18 of Venezuela. That was the primary thing I was 19 waiting for advice and that was the basis, the 20 primary basis, nearly the entire basis that we based 21 our claim on. 22 Everything else kind of was -- every other 23 thing that he did for me or advised me on or told me 24 about was sort of derivative of that main point. So 25 he began telling me things as early as November of</p>
Page 266	Page 268
<p>1 then and we had gotten them but nothing had ever come 2 up about trying to get the original one sworn to by 3 Maurice Marisol Plaza. 4 Q. In deciding to purchase the purported 5 notes numbered 7/12 and 8/12, did you rely on advice 6 that Alcalde gave you? 7 A. Yes. 8 Q. What advice from Alcalde did you rely on? 9 A. Well, I think, I mean, I don't mean to be 10 difficult but I think I went through this entire 11 thing of everything that he did I relied on already. 12 I can do it again if you like. 13 Q. What advice did he give you that you 14 relied on? 15 A. You mean like legal advice, what legal 16 advice did he render to me? 17 Q. Any advice that he gave you that you 18 relied on. 19 MR. COOPER: Objection to the extent it 20 calls for you to disclose legal advice from your 21 counsel. To that extent you're not to answer. 22 A. Well, I can't tell you everything he told 23 me. I can't tell you -- you're making this 24 distinction between attorney/client and diligence, so 25 it would be difficult for me to --</p>	<p>1 2003. He told me a lot of things and all the way 2 through the point at which we filed the lawsuit. And 3 I think we've gone through a lot of those over the 4 course of the past two days. 5 Q. Have you completed telling me what advice 6 you received from Alcalde that you relied on in 7 deciding to purchase the purported notes numbered 8 7/12 and 8/12? 9 A. Yeah, I would think I answered it and I, 10 like, I referred to all the stuff that he told me and 11 all the stuff I've told you for last day or two. So, 12 yes, I think I've answered that question. 13 Q. Earlier today you talked about the risks 14 inherent in making the purchase of the notes numbered 15 7/12 and 8/12. Do you recall that testimony? 16 A. Yes, I recall talking about that. I don't 17 recall the exact testimony. 18 Q. Prior to Skye deciding to purchase the 19 notes numbered 7/12 and 8/12, did you understand 20 there was a risk that the Venezuelan Attorney General 21 could change its opinion and determine that the notes 22 were invalid and not enforceable? 23 A. I did not believe that was a risk. I'm 24 not saying that she couldn't try to change her 25 opinion, but as recently as, you know, shortly before</p>

<p style="text-align: right;">Page 269</p> <p>1 we filed the lawsuit, she confirmed her opinion.</p> <p>2 So could she change her mind after we</p> <p>3 filed the lawsuit? I suppose she could try, but the</p> <p>4 advice that I received that that would not be legal,</p> <p>5 under the Constitution of Venezuela that it was final</p> <p>6 and binding and could not be appealed or changed.</p> <p>7 Q. Prior to making the decision to purchase</p> <p>8 the purported notes 7/12 and 8/12 did you think there</p> <p>9 was any risk that the Attorney General of Venezuela</p> <p>10 could change its opinion and determine that the notes</p> <p>11 were not valid and were not enforceable?</p> <p>12 A. She could try to do that or it could be</p> <p>13 effective? So I would distinguish between the two.</p> <p>14 She could try to do anything. Anybody could try to</p> <p>15 do anything, of course. But we believe that it could</p> <p>16 not be done legally.</p> <p>17 Q. No risk whatsoever.</p> <p>18 A. Not -- well, any legal -- there's -- I</p> <p>19 think lawyers have often told me there's nothing a</p> <p>20 hundred percent. But we viewed that that was -- we</p> <p>21 didn't view that as any -- we honestly thought they</p> <p>22 might pay. I mean, we didn't know what they were</p> <p>23 going to do. So could they have done anything? Yes,</p> <p>24 they could have done anything they wanted to do.</p> <p>25 Q. Prior to the time you made the decision</p>	<p style="text-align: right;">Page 271</p> <p>1 whether I got anything directly from Jacir, and I</p> <p>2 think my response was that I might have been on an</p> <p>3 email or two that was between Jacir and Alcalde in</p> <p>4 Spanish.</p> <p>5 So, and it's certainly possible that some</p> <p>6 of the documents I got from Pavanelli in Chiasso and</p> <p>7 brought back were from Jacir. But I would say the</p> <p>8 bulk of it from Jacir was through Alcalde.</p> <p>9 Q. So it's fair to say that for the most part</p> <p>10 to the extent you were relying on anything from</p> <p>11 Jacir, Alcalde was the conduit for that information.</p> <p>12 A. I think that's a fair characterization.</p> <p>13 Q. Prior to the time Skye decided to purchase</p> <p>14 the purported notes numbered 7/12 and 8/12, did you</p> <p>15 think there was any risk that the evidence would show</p> <p>16 that those two notes were counterfeit and that</p> <p>17 Venezuela would refuse to pay the notes because they</p> <p>18 were counterfeit?</p> <p>19 A. I wouldn't -- vis-à-vis the risk that</p> <p>20 anything could happen, we would say that, but our</p> <p>21 view was that determination had been made by the</p> <p>22 person -- I mean, the Attorney General had access to</p> <p>23 all of this information and had made that</p> <p>24 determination in a final and binding way.</p> <p>25 So, again, we would say that there is</p>
<p style="text-align: right;">Page 270</p> <p>1 for Skye to purchase the purported notes numbered</p> <p>2 7/12 and 8/12, did you think there was any risk that</p> <p>3 the legal opinions you had received that the Attorney</p> <p>4 General opinion was final and binding could be wrong?</p> <p>5 A. No lawyer is infallible, so there's some</p> <p>6 chance of that, but I didn't believe that by any</p> <p>7 means. We had asked enough -- so many lawyers and</p> <p>8 they -- if one lawyer tells you something and this is</p> <p>9 true, okay, that's something and they back it up,</p> <p>10 that's good, and you ask another lawyer and you ask</p> <p>11 another lawyer and by the time you file the case we</p> <p>12 must have asked in some detail a lot of lawyers we've</p> <p>13 talked about.</p> <p>14 So I didn't -- as anything is possible,</p> <p>15 even if it had a one-one-thousandth of 1 percent risk</p> <p>16 that you could characterize it as a risk, but there's</p> <p>17 nothing that entered our mind as a risk. We thought</p> <p>18 we would prevail upon that issue.</p> <p>19 Q. Incidentally, to the extent you were</p> <p>20 relying on information from Jacir, is it true that</p> <p>21 Alcalde was, for all intents and purposes, the</p> <p>22 conduit through which you received that information?</p> <p>23 A. I don't think I got information from Jacir</p> <p>24 any other way than he gave it to Alcalde. I think</p> <p>25 we've also been over this in the last two days, that</p>	<p style="text-align: right;">Page 272</p> <p>1 nothing in life that is a hundred percent certain</p> <p>2 except death, and so we did not view that as</p> <p>3 significant risk.</p> <p>4 Q. Prior to the time Skye decided to purchase</p> <p>5 the purported notes numbered 7/12 and 8/12, did you</p> <p>6 think there was any risk that it would turn out there</p> <p>7 was no agreement between Venezuela and Gruppo Triad</p> <p>8 to extend the maturity date of those notes?</p> <p>9 A. Well, you asked me what I thought about</p> <p>10 that. I didn't -- we wouldn't have -- what our --</p> <p>11 what we thought was that the Attorney General had</p> <p>12 found that the notes were extended, and that for us</p> <p>13 at the time was the end of it.</p> <p>14 This issue that I told you I learned from</p> <p>15 my lawyers of agreement and we talked about what</p> <p>16 happened is a very recent thing. So when we filed</p> <p>17 the lawsuit, I would say that if it was a risk, if</p> <p>18 that was a risk, I missed it. We didn't focus on it,</p> <p>19 so.</p> <p>20 Q. Is that also true at the time you</p> <p>21 purchased the notes; if it was a risk, you missed it?</p> <p>22 A. Yeah, filed the lawsuit, purchased the</p> <p>23 notes. In my mind when I say that, I'm thinking</p> <p>24 about essentially the same thing.</p> <p>25 Q. Now, you've testified many times over the</p>

<p style="text-align: right;">Page 273</p> <p>1 last two days, including just now, that in your mind 2 when Skye purchased the notes marked 7/12 and 8/12, 3 the most important consideration in your mind was 4 your belief that the Attorney General's October 2003 5 opinion was final and binding, correct? 6 A. That was the most important thing, yes. 7 Q. And you've also testified that all the 8 other information that you had gathered about 9 Pavanelli and Gruppo Triad and the Bandagro notes was 10 interesting but was dwarfed in importance by your 11 belief as to the finality of the Attorney General 12 opinion; is that true? 13 A. The only thing I would change about your 14 question is the word "interesting" to consider. It 15 was considered but was dwarfed in importance and the 16 investment decision was made primarily based on that. 17 Q. If you had learned prior to purchasing the 18 purported notes 7/12 and 8/12 that Gruppo Triad had 19 never paid a dime for those notes, would you have 20 proceeded with the purchase of them? 21 A. If you're asking me a hypothetical whether 22 I would or I wouldn't, the way I would answer the 23 question is I don't know. But that, again, what we 24 were focused on was the Attorney General's decision 25 final and binding, could it be changed, what were the</p>	<p style="text-align: right;">Page 275</p> <p>1 were -- when and how they were extended, I would have 2 said well, it doesn't really matter if somebody's 3 saying there was a question, this has already been 4 determined in a final and binding way. 5 Q. If you had learned prior to purchasing 6 notes 7/12 and 8/12 that Pavanelli had been convicted 7 not once but twice for dealing in fake Bandagro 8 notes, including notes in the same series as the ones 9 you were going to be buying, would you have proceeded 10 with the purchase? 11 MR. COOPER: Objection, foundation, 12 hypothetical. You can answer. 13 A. If -- well, remember, the Attorney General 14 herself said that there were notes that were false 15 and -- there were Bandagro notes that were false and 16 there were Bandagro notes that were legitimate. And 17 so I would have had to know if -- 18 So, if we got over this hurdle, that the 19 Attorney General decision was final and binding and 20 could not be changed, and then this additional 21 information was thrown into the mix, we would have 22 analyzed whether that would -- whether those 23 convictions had to do with these notes that the 24 Attorney General examined, how did the conviction 25 happen, was it an accurate conviction. We would have</p>
<p style="text-align: right;">Page 274</p> <p>1 laws of Venezuela. 2 And again, I've said this before and I 3 want to emphasize it, if they paid 200 or 500 million 4 dollars for the notes and Pavanelli, the whole bearer 5 of the notes was the most perfect saint in the world 6 and the notes were not final and binding by the 7 Attorney General of Venezuela, we would not have 8 bought them. And something close to the reverse is 9 true. 10 Q. If you had learned prior to purchasing the 11 purported notes 7/12 and 8/12 that the maturity dates 12 for those purported notes had never been extended 13 beyond 1991, would you have proceeded with the 14 purchase? 15 A. I proceeded -- 16 MR. COOPER: Note an objection, 17 hypothetical. Go ahead. 18 A. Again, same, right? So if I don't know 19 what I would have done but I wasn't relying so much 20 on the actual event, I was relying on the finding of 21 the Attorney General who found that the notes were 22 extended and what we thought was a final and binding 23 opinion that couldn't be changed. 24 So if somebody had said to me well, 25 there's some question about whether these notes</p>	<p style="text-align: right;">Page 276</p> <p>1 looked into it. 2 And so we'd have gathered as much facts as 3 we can, compared it to our conclusion that the 4 Attorney General's decision was final and binding and 5 couldn't be changed, and made a decision. What it 6 would be, I don't know. 7 Q. And suppose you had learned that the 8 Italian conviction of Pavanelli concerned the very 9 same notes that he was trying to sell to you through 10 Gruppo Triad, would you have gone through with the 11 purchase in those circumstances? 12 MR. COOPER: Same objection. 13 A. I don't believe the notes were found false 14 in that, there was a declaration or a finding of 15 notes was false there. That would be news to me. 16 Q. The question was if you found out that the 17 Italian conviction involved the very same notes as 18 the ones that Pavanelli was trying to sell to you 19 through Gruppo Triad, would you have purchased them 20 anyway? 21 MR. COOPER: Same objection. 22 A. I would say exactly the same answer you 23 asked generically about the criminal case. We would 24 have gathered information, we would have valued it, I 25 think we did that in the context of the Swiss</p>

<p style="text-align: right;">Page 277</p> <p>1 conviction, which we did find records that were 2 consistent with Pavanelli's explanation, and so I 3 would have considered the facts at the time. 4 Remember, Pavanelli's story to me was this 5 story about the founder or the signers of the notes 6 trying to catch him and wear him down to a nub over 7 time and go around and testify and swear affidavits 8 against him. 9 So I'd have to take his story into 10 account, what was in that particular case into 11 account that we found and if we knew about it and 12 we'd make a decision., 13 Q. If you had learned prior to late July of 14 2004 that those notes marked 7/12 and 8/12 were 15 counterfeit, would you have proceeded with the 16 purchase anyway? 17 MR. COOPER: Objection, no foundation. Go 18 ahead. 19 A. Probably not. 20 Q. In making the decision that you did for 21 Skye to purchase notes 7/12 and 8/12, did you rely on 22 Pavanelli's story? 23 A. In any degree? Everything that Pavanelli 24 told me that we checked out turned out to be 25 accurate. And there are some things that we were</p>	<p style="text-align: right;">Page 279</p> <p>1 did he tell you anything prior to late July or early 2 August 2004 that you did not believe at that time? 3 A. I don't think so. I just can't recall 4 anything like that. 5 Q. In the intervening ten and a half years 6 have you come to believe that anything he told you 7 prior to the note purchase was false? 8 A. I don't -- of course, I would mostly 9 remember things that were important to me. He maybe 10 said he had three daughters and only had two or 11 something like that that was unimportant. But to my 12 recollection everything he told me that was important 13 or that I recall turned out to be accurate. I just 14 don't remember anything else. 15 Q. And that remains your view as of today. 16 A. Well, it would have been more true then 17 because today my memory's faded as to what he told 18 me. So if it was true then. 19 Q. But as you're sitting here today on 20 December 23, 2014, you can't think of anything he 21 told you prior to July 31, 2014, that was false? 22 MR. COOPER: Did you say "2014"? 23 Q. I should have said "2004." Although the 24 question would probably have the same effect. 25 A. Again, nothing comes to mind. If you have</p>
<p style="text-align: right;">Page 278</p> <p>1 unable to check out, which we assumed were accurate. 2 Which had the ring of truth and we assumed to be 3 true. 4 So did it affect me in any way? Yeah, 5 probably in some way did. I mean, again, I would say 6 that the bulk of this was relying on the opinions 7 that the AG decision was final and binding and 8 couldn't be changed, et cetera, et cetera, that we've 9 discussed to some extent what he told me about his 10 story and more or less some parts of it we did rely 11 on. 12 Q. Are there any parts of the story that he 13 told you prior to late July of 2004 that you 14 disbelieved? 15 A. Say that again. 16 Q. Is there anything Pavanelli told you prior 17 to the time you purchased the purported notes 7 of 12 18 and 8 of 12 in early August 2004 that you did not 19 believe? 20 A. I'm trying to think back. Of course, I 21 don't think I have to go back and say we had a long 22 conversation, there was a lot of stuff, and I don't 23 think there was anything that I viewed as really 24 important that I didn't believe. 25 Q. Independent of whether it was important,</p>	<p style="text-align: right;">Page 280</p> <p>1 anything you would like to show me that you think is 2 false, I'll be happy to look at and tell you, but I 3 just don't remember anything like that. 4 MR. SCHWARTZ: Let's take a very quick 5 break. We've got just a few minutes left, I'll check 6 my notes and see if I have anything further. 7 VIDEOGRAPHER: Off the record 5:58. 8 (Off the record.) 9 VIDEOGRAPHER: On the record 6:06. 10 Q. You testified yesterday, Mr. Richards, 11 that in the summer of 2004 Pavanelli was refusing to 12 turn over any of the purported promissory notes to 13 Skye. Do you recall that? 14 A. Yes. 15 Q. Did Pavanelli ever tell you why he was 16 unwilling to turn over any of the notes to Skye? 17 A. Just the way he was he, didn't want to 18 give up holding the notes. That was in his nature. 19 Q. Did he ever say anything to you about why 20 he wouldn't surrender possession of them? 21 A. Other than "I will not give you the 22 notes," something like that. 23 Q. Did you ever ask him why not? 24 A. Well, I asked him, I might have told him, 25 well, you have to give me the notes or this is not</p>

<p style="text-align: right;">Page 281</p> <p>1 going to go forward. I really don't care why. I had 2 to have the notes. 3 Q. And what did he say? 4 A. "I want to keep my notes." And then 5 eventually that was a typical back and forth with 6 Pavanelli that went on for a time and finally he 7 agreed to do it. 8 Q. Do you know -- well, let me rephrase that 9 question. 10 What's your understanding of how many 11 holders of the notes there were before Gruppo Triad 12 got its hands on it? 13 A. I have no understanding. 14 Q. Have you ever investigated that? 15 A. It might have been, I just don't remember 16 it. 17 Q. Was it part of your due diligence? 18 A. It might have been, I just don't remember 19 it. 20 Q. Did you ever ask for any evidence of 21 payments having been made for the notes by anybody 22 who was a prior holder to Gruppo Triad? 23 A. No. 24 Q. Did Alcalde inform you of any risks in 25 going forward with the note purchase transaction?</p>	<p style="text-align: right;">Page 283</p> <p>1 there was any specific risk, except the country is 2 ruled by a I think some -- I don't know who told me 3 this but I think it's probably true, that the country 4 is ruled by a dictator and he can make anything 5 happen in the country. I viewed that as risk. 6 Like it was Hugo Chavez that was running 7 the country and he had all power and that was kind of 8 a risk, he could do anything he wanted. 9 Q. Did any of the other lawyers, setting 10 aside now Alcalde, tell you that there was any risk 11 going forward with the transaction? 12 A. One of them might have told me what I just 13 told you about Chavez and I think one of them did and 14 I don't remember who. 15 Q. Other than that risk did any of the other 16 lawyers tell you there was any risk in going forward 17 with the transaction? 18 A. I don't recall that happening. 19 MR. SCHWARTZ: All right, those are all 20 the questions that we have for Mr. Richards in his 21 capacity as a 30(b)6 witness for Skye Ventures at 22 this juncture. 23 I'm going to indicate that we're going to 24 hold the deposition open to deal with any potential 25 follow-up questions based on documents we have not</p>
<p style="text-align: right;">Page 282</p> <p>1 MR. COOPER: Objection to the extent it 2 calls for legal advice given to you by Alcalde. To 3 that extent, don't answer. 4 A. Okay, well, I would say it was in this 5 legal discussion about his opinion I might have asked 6 him are you a hundred -- I don't remember, I guess. 7 Q. I want to -- this is a yes or no question 8 to begin with. Did he tell you of any risks of going 9 forward with the note purchase transaction? Just 10 answer that yes or no. 11 A. I don't remember. 12 Q. Now, you say you consulted with many other 13 lawyers, correct? 14 A. Yes. 15 Q. Prior to making the note purchase? 16 A. Yes. 17 Q. Did any of those other lawyers tell you 18 there was a risk in going forward? 19 A. I was pretty shocked by how consistent 20 these varying lawyers were that it was final and 21 binding, there's no doubt this is the Constitution of 22 Venezuela. It was very consistent. And I think I 23 asked well, can it be changed. No, it cannot be 24 changed. That kind of thing. 25 So I don't recall anyone saying to me that</p>	<p style="text-align: right;">Page 284</p> <p>1 yet seen. 2 I'm sure that our friends across the table 3 will not acquiesce in that position, as is the normal 4 dynamic in such circumstances. But in our standpoint 5 the deposition is suspended pending the production of 6 additional documents that should previously have been 7 produced, of which there are quite a few. We will 8 itemize all those in the appropriate manner for 9 opposing counsel. 10 Subject to that observation, we have no 11 further questions at this point in time. 12 MR. COOPER: And while we don't agree, I 13 think you've correctly noted, we don't agree that the 14 deposition should be left open or that documents have 15 not been produced that should have been produced, we 16 understand that's your position and I think we've had 17 some discussions off the record either between you 18 and Rex or you and I about our willingness to 19 continue to look for any documents that may be 20 responsive to prior requests as part of an ongoing 21 obligation. 22 MR. SCHWARTZ: And we appreciate that and 23 we'll be in contact about that. 24 Mr. Richards, I want to thank you very 25 much for your being here over the last two days and</p>

Page 285

1 providing your testimony.
 2 And I wish everybody here a happy and
 3 healthy holiday season.
 4 THE WITNESS: Same to you.
 5 MR. SCHWARTZ: We can go off the record.
 6 MR. COOPER: Stay on the record briefly.
 7 Dave, you have the right to read or waive.
 8 MR. SCHWARTZ: We've talked about that.
 9 MR. RICHARDS: We'll read.
 10 MR. COOPER: We'll waive the viewing of
 11 the video.
 12 (Whereupon, at 6:11 p.m., the deposition
 13 was concluded and signature was not waived.)

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Page 287

CERTIFICATE


State of Ohio)

) SS:

County of Franklin)

1 I, Julieanna Hennebert, RPR and RMR, the
 2 undersigned, a duly qualified and commissioned notary
 3 public within and for the State of Ohio, do certify
 4 that, before giving his deposition, DAVID J. RICHARDS
 5 was by me first duly sworn to testify to the truth,
 6 the whole truth, and nothing but the truth; that the
 7 foregoing is the deposition given at said time and
 8 place by DAVID J. RICHARDS; that I am neither a
 9 relative of nor employee of any of the parties or
 10 their counsel and have no interest whatever in the
 11 result of the action.

12 IN WITNESS WHEREOF, I hereunto set my hand and
 13 official seal of office on this 29th day of December
 14 2014.


 15 Julieanna Hennebert, RPR, RMR,
 16 and Notary Public in and for the
 17 State of Ohio.

18 My commission expires February 19, 2018.
 19 (1135-JLH)

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Page 286

1 AFFIDAVIT
 2 State of Ohio)
 3) SS:
 4 County of _____)
 5 I, DAVID J. RICHARDS, do hereby certify that I
 6 have read the foregoing transcript of my deposition
 7 given on Tuesday, December 23, 2014; that together
 8 with the correction page attached hereto noting
 9 changes in form or substance, if any, it is true and
 10 correct.

11 _____
 12 DAVID J. RICHARDS

13 I do hereby certify that the foregoing
 14 transcript of the deposition of DAVID J. RICHARDS was
 15 submitted to the witness for reading and signing;
 16 that after he had stated to the undersigned Notary
 17 Public that he had read and examined his deposition,
 18 he signed the same in my presence on the _____ day
 19 of _____, 2014.

20 _____
 21 Notary Public

22 My commission expires _____, _____.
 23 --|--

72 (Pages 285 to 287)